

Federal-Provincial Shared-Cost Programs in Ontario

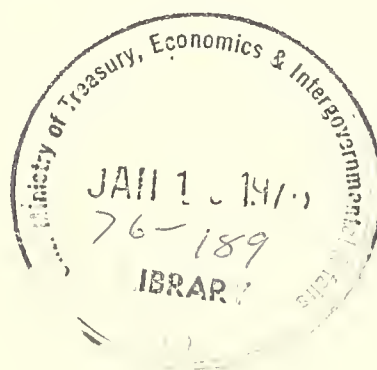


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Federal-Provincial Shared-Cost Programs in Ontario

Staff Paper



Ministry of Treasury, Economics,
and Intergovernmental Affairs
Taxation and Fiscal Policy Branch

ONTARIO PROPOSALS FOR TAX REFORM IN CANADA

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III	Hon. W. Darcy McKeough	Taxation of Corporations and Shareholders

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Taxation and Fiscal Policy Branch,
Ministry of Treasury, Economics
and Intergovernmental Affairs,
Frost Building, Queen's Park,
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PREFACE

In a series of staff studies over the last two years, the Ontario Government has undertaken a detailed examination of intergovernmental taxation and fiscal matters. As one aspect of this work, the present study reviews the forms of intergovernmental relations that have developed as a result of shared-cost programs. This inventory of federal-provincial agreements is designed to provide a preliminary indication of the number and scope of arrangements between federal and provincial departments which now affect almost all fields of provincial responsibility. It can be seen that cost sharing not only earmarks annually a considerable portion of the Provincial budget but also creates a greatly varied and highly complex set of administrative relationships. Increasingly, too, as the evidence would suggest, such agreements produce disputes, delays and operational rigidities that create obstacles at the provincial level to proper budgeting, internal administrative reform and improved program efficiency.

The overriding issue which emerges from this detailed inventory is whether such a complex and cumbersome structure of shared-cost programs can serve the provinces well in the future. The Ontario Government is convinced that the time has come to reform the financing arrangements for federal-provincial shared-cost programs. This inventory, assembled by the Taxation and Fiscal Policy Branch under its Director, Mr. D.M. Allan, provides a basis for understanding the order of changes required.

H.I. Macdonald,
Deputy Minister,
Ministry of Treasury, Economics
and Intergovernmental Affairs,
November, 1972.

T.M. Russell,
Executive Director,
Taxation and Fiscal Policy Division.



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FEDERAL-PROVINCIAL SHARED-COST PROGRAMS IN ONTARIO

I INTRODUCTION

Since 1867 the federal government has assumed the major responsibility for fiscal policy in Canada. One aspect of that function has been the redistribution of fiscal resources and economic activity among governments and regions throughout the country. Over the years, this role has commanded a growing proportion of federal budgetary allocations to a point today where transfer policies encompass a considerable range of methods including unconditional grants, tax sharing, regional expansion programs, cost sharing, equalization payments and public works projects. Five major federal policies — equalization, regional economic expansion, statutory subsidies, conditional grants and public works — will alone distribute almost \$5 billion throughout Canada in 1972.

Provinces have been interested both in the magnitude of federal transfers and in the mechanisms involved since they can either strengthen or attenuate the autonomy of provincial governments in the federation. Indeed, Ontario has made comments and suggestions over the last few years on this issue of federal redistributive policy. Both in its annual budget statements¹ and at federal-provincial conferences² the Province has indicated its general concern, along with that of other provinces, for an open and comprehensive assessment of federal programs in this policy area.

A clear trend in federal transfer policy has become evident. There has been a move away from sole reliance upon unconditional financial transfers — statutory subsidies and equalization payments — and a rapid increase in conditional transfers via the shared-cost program mechanism. In 1972, shared-cost payments to the provinces will amount to \$3.2 billion, or 65 per cent of total redistributive spending.

It is not merely the sheer size and expansion of conditional grants that warrant attention. More important, they exert enormous leverage on planning, priority-setting and financing both for the provinces and the national government. They also create serious problems of policy, financial, and administrative control. It is the characteristics of budgetary leverage and operational inflexibility which make conditional grants less suitable than alternative means of transferring revenues, such as tax sharing or unconditional financial transfers. At the same time, shared-cost programs have demonstrated evident merit in terms of establishing social advances and achieving national levels of essential public services. In light of these advantages and disadvantages, it is appropriate to undertake a periodic stocktaking and evaluation of shared-cost programs.

¹ Hon. W. Darcy McKeough, *Ontario Budget 1971* (Toronto: Department of Treasury and Economics, 1971), pp. 5-9. Also, Hon. W. Darcy McKeough, *Supplementary Papers on Federal-Provincial Finance* (Toronto: Ministry of Treasury, Economics and Intergovernmental Affairs, 1972).

² Hon. W. Darcy McKeough, *The Reconstruction of Economic and Fiscal Policy in Canada*, Statement to the Meeting of Ministers of Finance, Ottawa, November 1-2, 1971.

It is the purpose of this study to examine the budgetary problems that arise from cost sharing in general. In particular, it considers the issues of control, rigidities and accountability. The method followed is to provide a brief history of federal transfers, noting especially the emergence of conditional grants and their distinctive features. This is followed by an evaluation of existing shared-cost programs in Ontario from which several conclusions concerning federal-provincial conditional grants are drawn. An appendix provides a detailed descriptive inventory of the fifty-three joint programs currently in effect.

II BACKGROUND OF COST SHARING

a) Initial Transfers

Almost from the year of Confederation the central government was called upon to exercise its role as guardian of the economic and fiscal well-being of the provinces. While this was a deliberate aim of the Constitution, few had anticipated that the provinces' revenues would be so inadequate or that their needs would be so explosive as to require almost immediate federal aid.

In this situation, the central government had no clear philosophy to govern its response to provincial requests for more and more financial assistance. The confusion that reigned until the early twentieth century led to federal transfers on the most ad hoc and arbitrary of reasoning, guided by a notion of Victorian frugality. Statutory payments originally had been established on a variety of criteria, all unrelated to the present or future expenditure needs of the provinces or the growing evidence of financial and economic disparities among regions.

Until 1912, additions to these initial subsidies were made largely upon advocacy and rarely upon any objective measure of fiscal need or capacity. In 1912, these unconditional statutory subsidies ceased to grow sporadically and instead were related to a number of factors which provided each province with a basic — though very low — financial floor. There has been little change in this principle since that date.³

³ For greater detail of finance and negotiations during this period, see W. Eggleston and R. Craft, *Dominion-Provincial Subsidies and Grants*. Study of the Royal Commission on Dominion-Provincial Relations (Ottawa: King's Printer, 1939).

b) Cost Sharing

Such a settlement was no solution to the discrepancies between provinces in levels of services. Nor did it provide sufficient funds to finance the rapid growth in the provinces' responsibilities as a result of emerging welfare statism. Motivated by the problems that differences among provinces in hygiene, farm education, technical training and road quality presented, the federal government established grants to the provinces, conditional upon expenditures in these areas. Between 1912 and 1927, federal funds were made available for provincial programs in these fields. While concerned with specific program areas, these grants still lacked any close relationship to actual program costs or standards. Nonetheless, they did constitute tentative and temporary federal assistance to what clearly were acknowledged to be provincial responsibilities. For this reason, federal control of provincial expenditure was cautious or relaxed. Even in 1927 when the Old Age Pensions Act was legislated by the federal government, the initiative for accepting federal money and formulating legislation was left to the provinces. This new scheme did, however, introduce the idea of federal payments related to provincial expenditure rather than to a flat-rate or per capita sum.

During the Depression in the 1930's, conditional grants failed because their own inflexibility and complexity could not provide an adequate response to soaring provincial and municipal welfare costs. Relief payments and employment projects overwhelmed the administrative capacity required by conditional federal transfers and, consequently, many became unconditional subventions. Out of this chaotic situation, as well as the continuing confusion about the proper federal role in assisting the development of the provinces, emerged the Rowell-Sirois Commission.⁴ The Commission concluded in 1940 that programs of joint administration had been unsatisfactory. The system of Dominion auditors and inspectors examining provincial accounts and activities often caused divisions and confusion over the lines of accountability and responsibility. Moreover, financial and administrative control requirements imposed by the federal government raised the question of whether a province could indeed set its own priorities and budgets in these areas.⁵

The issue of Provincial autonomy and accountability was set aside during and immediately after the war by the federal government. It felt that for reasons of central economic control neither greater tax room nor larger unconditional grants could be offered in lieu of joint programs. Instead, a wholly new set of conditional grants was proposed and gradually implemented over the next ten years. Since 1946, there have been major programs in welfare, health, resource development, medical care and support for post-secondary education. Collectively, these shared-cost programs account for 22 per cent of the federal budget in 1972. At the provincial level, these conditional transfers represent a major part of provincial financing, ranging from 20 per cent of total expenditures in Ontario to over 45 per cent in the smallest provinces.

⁴ Canada, *Royal Commission on Dominion-Provincial Relations* (Ottawa: King's Printer, 1939).

⁵ J.M. Corry, *The Difficulties of Divided Jurisdictions*. Appendix 7 of the *Royal Commission on Dominion-Provincial Relations* (Ottawa: King's Printer, 1939).

III PROBLEMS ASSOCIATED WITH CONDITIONAL GRANTS

The 53 shared-cost programs contained in the attached inventory demonstrate both the merits and drawbacks of joint financing schemes. There can be little doubt that these shared-cost programs have stimulated new or much improved services, particularly in provinces with limited financial resources. Indeed, the attainment of uniform national standards in health, education, welfare and transportation has largely been a result of federal-provincial collaboration and joint financing. Now that the major programs are mature and their initial purposes achieved, however, the question arises whether these conditional transfers should now be replaced by a more flexible and efficient mechanism.

a) A General Problem

One problem is recurrent in conditional grants: they have a tendency to interfere with a province's priority-setting, budgetary planning and efficiency of program delivery. The more stipulations are attached to federal funds the more fiscal transfers reduce provincial autonomy. By choosing the area of initiative, the federal government can decide which provincial activity it wishes to stimulate and favour over other provincial priorities. Both federal and provincial governments recognize this. For this reason the central government has long emphasized, as did Mr. Sharp in 1966, that cost-sharing agreements should be temporary in duration and replaced with unconditional financing once new programs are established. Otherwise, the continuation of joint programs would imply that the federal government is the primary repository of national values and that its judgement on priorities is superior to that of the provinces.

b) Problems Affecting Budgetary Planning

In addition to the general conceptual problem of conditional grants, other budgetary and administrative difficulties have been encountered in shared-cost programs. All provincial expenditures should properly be part of a central budgetary plan which reflects the policies and priorities of provincial Cabinets. Yet, it has become evident that shared-cost programs tend to take on an autonomous life of their own, largely outside of provincial budget planning processes. Sustained largely by the program departments responsible for the original initiative and rigidly fixed by federal-provincial agreement for an unstated duration, each program develops its own "clientele" inside and outside government.⁶ This makes flexible and independent provincial programming difficult and, in essence, pre-empts large portions of provincial budgetary funds from annual review and adjustment. In 1972, for example, \$2.3 billion or 39 per cent of the Ontario budget was locked into shared-cost programs.

⁶ Clientele groups tend to have a vested interest in the maintenance and growth of a particular program as it sustains a certain administrative system or promotes a particular interest. Their support tends to shield a program from assessment in a broader budgetary context.

Provincial budgetary planning is also distorted by federal limitations on shared-cost financing such as arbitrary annual ceilings and rigidities in eligibility criteria although service requirements and program technology change. This inflexibility, in turn, inhibits greater cost efficiencies. For the provinces, the major problem with mature shared-cost programs is to control escalating costs, modernize program delivery and alter spending priorities. It is at this stage — where federal and provincial attitudes diverge over the appropriate scope and mix of policies — that rigid and jointly-regulated schemes become a hindrance to optimal budget planning at both levels of government.

Two current examples can be drawn from the inventory as illustrations of the problems posed by rigidities in shared-cost agreements in Ontario. A number of provincial commissions and study groups have suggested that nursing education in the province could be improved if the program were to be transferred from the Ministry of Health to the jurisdiction of the Ministry of Colleges and Universities. Although the Province now wishes to undertake such an internal administrative reform, this involves transferring federal cost sharing from the Hospital Insurance and Diagnostic Services Agreement to the Fiscal Arrangements Act, and a potential loss of federal reimbursements for the costs of nursing education. In short, the Province's ability to consider greater efficiency in its services is constrained and retarded by the inflexibility of federal-provincial agreements.

The Province has also experienced considerable difficulty in securing federal sharing under the Canada Assistance Plan, such as for juvenile offenders' training — a program which is eligible for sharing in other provinces. There has been little disagreement about the "welfare" nature of this program, and hence its eligibility for sharing. But Ottawa insists that all CAP programs be administratively located according to federal stipulations — that is, in the Ministry of Community and Social Services; otherwise cost sharing will not be forthcoming. Some of the provinces have already combined departments or at least the services of different departments in order to secure better cost-sharing arrangements under CAP. Theoretically, Ontario could do the same and in the case of some current programs, it already has. However, the prime motive for administrative change should be the provision of better and more efficient services rather than qualification for CAP sharing. Even if the administrative difficulties involved were overcome, the effect of the organizational changes on the program content could be severe and undesirable. For example, in the case of the training schools referred to above, it is the opinion of officials involved that a change in administration, such as Ottawa has been suggesting, would lead not to greater integration of the various elements in the correctional process but rather to increasing fragmentation. At any rate, the rigid administrative regulations attached to shared-cost agreements have prevented the Province from developing its own departmental organization to provide provincial services according to provincial priorities.

c) *Administrative Problems*

Specific administrative problems are evident from the following inventory. Generally, they consist of delayed federal payments, auditing difficulties, differences about program aims and eligible costs, abrupt changes in program definition, and unsatisfactory procedures for program review or renewal. In 1971-72, the following programs contained one or more of these problems:

- Agricultural Manpower Agreement
- Agricultural Rural Development Agreement
- Second Language Agreement
- Citizenship and Language Agreement
- Health Resources Fund
- Medical Care Agreement
- National Health Grant
- Fisheries Industrial Development
- Railway Grade Crossing Fund
- NHA Contribution for Urban Renewal
- NHA Loans for Land Acquisition and Development
- NHA Loans for Land Assembly

These differences are probably most serious when they involve delayed federal reimbursements. The Province commits \$2.3 billion in funds to all shared-cost programs together and can expect about \$1 billion in federal repayments. Any delay in federal payments is at the expense of the Province. While the Province has to submit claims by certain dates, there is no converse obligation upon the federal government to be punctual in its repayments or to make interest payments on late reimbursements. Three months after the 1971-72 fiscal year, for instance, the federal government still owed Ontario \$37 million for claims submitted.

Delays and difficulties are more critical to some programs than others. Joint programs range in size from \$1,740 for weather reporting to \$884,588,316 for hospital insurance. Over half of all these programs spend less than \$1 million each and together account for only 3 per cent of federal reimbursements to Ontario. In these, it appears evident that the internal cost of collecting and submitting claims exceeds the amount of federal reimbursements. In the three largest programs, which account for 85 per cent of federal reimbursements, administrative costs are of more reasonable proportions, but repayment delays can be very costly. The magnitude of unpaid funds for 1971-72 alone can be seen in the following programs:

Adult Occupational Training	\$7.3 million
Medical Care Agreement	\$7.0 million
Subsidies for Public Housing	\$2.1 million
Hospital Insurance	\$2.0 million
Health Resources Fund	\$1.5 million
Sewage Works Projects	\$1.3 million

Intergovernmental liaison and consultation in a number of programs has been unsatisfactory. Indeed, the style of relationship that has developed frequently suggests that the federal government believes it alone should initiate change — an attitude which tends to negate the fact that these are joint programs in primarily provincial jurisdiction.

Often the Province has been faced with abrupt federal notices of ceilings to the sharing of program costs or termination of all or parts of a program. Few agreements have any formal provisions for consultation and most have no specific date or notice of termination. Such imprecision has led to numerous cases of unilateral and arbitrary federal action in a manner suggesting that program design and priorities are primarily matters of federal determination. New program initiatives are frequently announced without meaningful prior consultation with the Province. Also, the Ontario Government has had frequently to accept a definition of eligible costs established by federal auditors rather than through intergovernmental negotiation. In other instances, eligible costs and administrative processes have been defined by verbal agreement — an unsatisfactory situation because, if officials change, nothing remains enshrined in formal regulations.

IV FUTURE TRENDS

From the present study and recent federal proposals,⁷ the direction of shared-cost programs for the future seems clear. Generally in new and existing schemes, there is a federal push to terminate open-ended commitments where the level of federal financing is determined by provincial expenditure, and to attach greater inter-provincial equalization to the terms of its cost sharing. Grants with such reduced relevance to actual provincial costs become less and less attractive to many provinces. At the same time, federal encouragement of clientele support groups tends to build up expectations prior to negotiations and to circumscribe the freedom a province has in determining its own priorities.

⁷ In making its proposals for the reform of the National Housing Act, for the extension of support for sport and recreation, and for new cost sharing of health services, the federal government has made these plans without prior consultation of the provinces. In some instances, Ottawa has bypassed the province and made a policy commitment directly to the ultimate consumer of the shared-cost program. This is the case with NHA reforms; Ottawa has announced new grants to landlords and homeowners for the improvement of their property. However, these grants will only be made if the province agrees to share in half of the cost.

Far from being a temporary involvement in areas of provincial jurisdiction by provincial consent, conditional grants are increasingly regarded by the central government as legitimate extensions of its authority and as alternatives to greater tax room and unconditional grants. Both conditional grants and unilateral expenditures, such as those of the Department of Regional Economic Expansion,⁸ appear to be the federal alternative to the transfer of its surplus revenue capacity to the provinces.

The federal government supports its approach with two arguments. First, the central government maintains that it requires its existing tax capacity for economic stabilization purposes. Second, provincial governments should be publicly accountable by independently raising taxes to meet their expenditure responsibilities. Hence, Ottawa argues it cannot transfer greater tax room to the provinces, but is prepared, where necessary, to aid them through the mechanism of conditional grants. This implies continuing erosion of provincial fiscal integrity and a constant circumscribing of provincial constitutional autonomy, a result which is unacceptable within a modern concept of Canadian federalism.

An earlier Ontario paper discussed alternative methods of transferring federal tax revenues to the provinces.⁹ Whether or not tax sharing improves, there still will remain the complexities of joint programs which represent an impediment to proper budgetary management, at both levels of government, in terms of further improving the services involved and achieving greater cost efficiencies. For political, budgetary and administrative reasons, therefore, a reform of financing shared-cost programs is urgently required.

⁸ For a study of how DREE represents an abandonment by Ottawa of earlier policies aimed at helping provinces to help themselves in economic growth, see A. Careless, *Canadian Federalism and Policies for Regional Development*, unpublished *D. Phil.* thesis, Oxford University, 1972.

⁹ Staff Paper, *Intergovernmental Policy Co-ordination and Finance* (Toronto: Department of Treasury and Economics, 1970).

APPENDIX

EXPLANATORY NOTES

In the following pages, each shared-cost agreement between Ontario and the federal government in 1971-72 is presented by ministry and summarized under an eleven-part format. The headings have been chosen to give a meaningful degree of comparability to the many different types of agreements currently in existence. In order to get an estimate of the rate of repayment in different programs the size of accounts receivable has been calculated at a point three months after the end of the fiscal year. Actual figures are of course changing monthly.

Space does not permit an exhaustive coverage of the functions, eligible costs or financing formulae for some of the larger and more complex agreements. It is hoped, nonetheless, that present detail suggests to the reader the complexity and room for time-consuming disputes that more description would reveal.

The following is an outline of what is contained in each heading:

1. **Program Description** — a brief indication of the purpose of the federal-provincial agreement.
2. **Total Cost** — the Province's gross expenditure on the program in 1971-72 as defined by the agreement.
3. **Shareable Cost** — that portion of program costs eligible for federal-provincial sharing as per the agreement for 1971-72.
4. **Federal Share** — the amount, as set out by the agreement, that the federal government is committed to reimburse the Province in 1971-72.
5. **Time Span** — the duration of the agreement, if stated.
6. **Current Status of Federal Reimbursements** — in the third month after the close of the fiscal year of the program. The purpose is to provide an indication of the speed of claim repayment. This includes the amount unpaid calculated in terms of fiscal year federal commitments (see #4 above). In addition, this item indicates the federal overpayment as the difference between item #4 and current reimbursements, or otherwise, as noted. Whether overpayments are to be repaid or to constitute deductions from further payments is also noted.
7. **Terms of Federal Payments** — indicating whether claims and payments are interim or otherwise; whether a post-audit holdback is in force; and whether the time limit for the submission of claims is quarterly, annually, or limited by a final date.
8. **Contributions by Other Sources** — to the total cost of program as defined in item #2; usually municipalities, crown corporations, other provinces, or other federal departments.

9. **Formal Provisions for Consultation and Revision** — the existence of formal arrangements in the agreement for bilateral or multilateral federal-provincial meetings on a regular basis or formal stipulation concerning termination or re-negotiation of a new agreement.
10. (a) **Eligible Costs** — as they pertain to agreement and are jointly defined.
(b) **Ineligible Costs** — as jointly defined.
11. **Disputed Claims and other Financial Problems** — as they pertain to the progress of actual claims by the Province under the program with an analysis of any problems.

CURRENT STATUS SUMMARY 1971 - 72

Ministry, Agreement	Total Expenditure \$'000	Shareable Cost \$'000	Federal Share \$'000	Basis for Federal Share	Amount Receivable as of 30.6.72 \$'000	Termination of Agreement
AGRICULTURE AND FOOD						
1. Federal Grants for 4-H Club Activities	190.7	136.4	68.2	50%	—	not stated
2. Crop Insurance Agreement	815.3	815.3	480.2	50%, 25%	77.1	not stated
3. Agricultural Manpower Agreement	88.4	80.9	40.4	50%	21.0	31.3.72
4. Rural Development Agreement	13,653.9	11,516.0	5,758.5	50%	418.0	31.3.75
5. Sheep Assistance Program	2.9	2.9	1.5	50%	—	31.3.74
6. Rabies Indemnification Program	95.7	95.7	38.3	40%	—	not stated
COLLEGES AND UNIVERSITIES						
1. Post-Secondary Adjustment Payment	670,618.0	670,618.0	335,309.0	formula	—	31.3.74
2. Adult Occupational Training Agreement	45,000.0	38,500.0	38,500.0	formula	10,341.6 (prior years also)	not stated
COMMUNITY AND SOCIAL SERVICES						
1. Unemployment Assistance	107.2	107.2	53.6	50%	—	31.3.72
2. Rehabilitation Services Agreement	7,934.3	7,389.2	3,694.6	50%	164.0	31.3.72
3. Language Textbook Agreement	86.9	66.2	66.2	formula	—	not stated
4. Indian Welfare Services	3,813.3	3,813.3	3,608.4	formula	360.0	not stated
5. Disabled Persons Allowance	277.1	277.1	138.6	50%	—	31.3.72
6. Community Development Programs for Indians	1,100.0	209.1	136.2	formula	—	not stated
7. Blind Persons Allowance	98.3	98.3	73.7	75%	—	not stated
8. Canada Assistance Plan	371,420.2	396,323.7	198,161.9	50%	582.0	not stated
EDUCATION						
1. French Language Agreement	163,704.0	163,704.0	14,200.0	formula	—	not stated
2. Citizenship and Language Agreement	821.7	821.7	410.9	50%	201.2	not stated
ENVIRONMENT						
1. a) OWRC-Municipal Sewage Works Program b) Provincial Sewage Works Projects	35,987.9	21,601.8	14,400.8	66-2/3% and 25% loan forgiveness with ceiling	1,349.9	not stated
2. Canada/Ontario Agreement - Phosphorous Removal Facilities and Research Projects	328.7	328.6	164.3	50%	—	31.12.75
3. OWRC-IJC Lower Great Lakes Water Quality Survey	556.2	556.2	278.1	50%	—	not stated

Ministry, Agreement	Total Expenditure \$'000	Shareable Cost \$'000	Federal Share \$'000	Basis for Federal Share	Amount Receivable as of 30.6.72 \$'000	Termination of Agreement
GOVERNMENT SERVICES						
1. Forest Research Studies	43.7	43.7	43.7	100%	—	31.3.72
2. Supply of Steam to Federal Laboratory at the Vineland Horticultural Research Institute of Ontario	23.0	23.0	11.5	50%	—	not stated
HEALTH						
1. Health Resources Fund	47,998.6	47,998.6	11,878.2	up to 50% with ceiling	1,500.0	31.3.80
2. Hospital Insurance and Diagnostic Services Agreement (Calendar 1971)	884,588.3	852,088.3	426,674.1	48% effectively	2,000.0	not stated
3. Medical Care Agreement	504,000.2	481,544.9	206,815.0	43% effectively	7,000.0	not stated
4. National Health Grants	4,508.0	4,508.0	4,508.0	100% with ceiling	—	31.3.72
LABOUR						
1. Adult Occupational Training Act - Apprentices	7,700.0	7,700.0	7,700.0	formula	650.0	not stated
2. Safety Inspection Services Agreement	139.0	139.0	139.0	100%	11.3	1.9.72
3. Adult Occupational Training - Research	No activity in 1971-72			50%	—	not stated
NATURAL RESOURCES						
1. Forest Stand Improvements in Eastern Ontario	251.0	248.3	124.2	50%	—	31.3.75
2. Resources Development	289.7	286.5	156.5	formula	—	31.3.72
3. Loans to Commercial Fishermen	320.3	—	—	50%	—	not stated
4. Fisheries Industrial Development	53.0	53.0	26.5	50%	—	31.11.72
5. Agreement for Construction of Dams, Reservoirs and Channel Improvements in the Upper Thames River Basin	8.2	8.2	3.1	37.5%	1.1	24.1.75
6. Agreement for Construction of Dams, Reservoirs and Channel Improvements in Metro Toronto	766.8	766.8	285.4	37.5%	99.4	13.6.75
7. ARDA - Private Land Forestry Assistance	500.0	500.0	250.0	50%	—	31.3.74
8. Lac Seul Storage Dam	10.2	10.2	10.2	formula	—	not stated
9. Lake of the Woods Control Dams (Calendar 1971)	43.8	43.8	14.6	formula	—	not stated
10. Weather Observation Services	1.7	1.7	1.7	100% with ceiling	—	not stated
11. Prevention and Control of Fires on Indian Reserves	15.6	15.6	32.3	formula	—	not stated
12. Geodetic Field Survey Agreement	65.0	60.9	60.9	100% with ceiling	—	31.3.72
13. Freshwater Fish Marketing	—	—	—	formula	—	31.3.72
14. ARDA - Canada Land Inventory	126.5	121.6	121.6	100%	—	31.3.72
15. Rural Employment on Crown Land Forests	79.4	9.0	—	50% with ceiling	—	31.3.74

Ministry, Agreement	Total Expenditure \$'000	Shareable Cost \$'000	Federal Share \$'000	Basis for Federal Share	Amount Receivable as of 30.6.72 \$'000	Termination of Agreement
SOLICITOR-GENERAL						
1. Civil Defence/Emergency Measures Financial Assistance Program	1,400.0	1,000.0	1,000.0	75% with ceiling	—	not stated
2. Ontario Police Commission	Program to commence in 1972-3			50%	—	31.3.76
TRANSPORTATION AND COMMUNICATIONS						
1. St. Lawrence Seaway Authority	4,715.6	2,357.8	1,852.9	50%	—	not stated
2. Railway Grade Crossing Fund	not applicable	4,715.6	2,357.8	80%	105.0	not stated
3. Queensway Road Agreement	137.1	68.5	34.3	50% with ceiling 50% (final claims)	67.5	31.12.71
TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS						
1. Contributions for Urban Renewal — Sec. 24 NHA	13,041.8	13,041.8	8,694.5	50% with ceiling	—	31.3.74
ONTARIO HOUSING CORPORATION						
1. Loans for Land Acquisition and Development — Sec. 40 NHA	7,527.8	7,527.8	5,645.9	75% with ceiling	—	not stated
2. Loans for Land Assembly — Sec. 42 NHA	1,928.8	1,928.8	1,735.9	90%	—	15 years per loan
3. Loans for Public Housing — Sec. 43 NHA Loans for Student Housing — Sec. 46 NHA	197,076.0	197,076.0	177,368.4	90%	10,000.0	50 years per loan
4. Subsidy of Operating Costs of Public Housing — Sec. 44 NHA	32,791.2	32,791.2	16,395.6	50%	2,147.2	50 years per loan
GRAND TOTAL¹	2,356,233.0	2,303,122.2	1,154,216.2		37,096.3	

NOTES: "Total Expenditure" — is gross cost to the province of program but all costs not necessarily eligible for sharing.

"Shareable Cost" — is amount eligible for sharing.

"Federal Share" — the dollar figure resulting from application of sharing criterion to total eligible costs.

"Basis for Federal Share" — sharing mechanism whether by formula, flat grant or proportion of total eligible costs.

"Amount Receivable" — indicates the amount of federal reimbursement outstanding.

"Termination" — unless otherwise stated, agreements expected to expire on date shown.

¹ Excludes Post-Secondary Education Adjustment payment which is not properly a conditional grant.

MINISTRY OF AGRICULTURE AND FOOD

Federal Grants for 4-H Club Activities

1. **Program Description** — to share in costs of 4-H Club Competitions.
2. **Total Cost** — \$190,666.
3. **Shareable Cost** — ceiling on eligible cost of \$136,400.
4. **Federal Share** — 50%, \$68,220.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — claims may be submitted and subsequent payment may be expected throughout the year. The final date for submission of claims is March 1st. If the claim is entered after March 1st, it is included in next year's payment.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none
10. **Eligible Costs**
 - prizes and other costs for 4-H Club competitions.
 - travel expenses for club members (does not include living expenses).
 - travel and living expenses for local leaders in training programs.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF AGRICULTURE AND FOOD

Crop Insurance Agreement

1. **Program Description** — to contribute to provincial costs incurred in the operation of a crop insurance scheme established by provincial law.
2. **Total Cost** — \$815,255.
3. **Shareable Cost** — \$815,255
4. **Federal Share** — for each policy, Canada pays 50% of administrative costs and 25% of premiums. Total federal payment for 1971 was \$480,239.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — \$77,075 unpaid and \$403,164 reimbursed.
7. **Terms of Federal Payment** — claims may be submitted quarterly for payment in June, September, December, and March. No time limit on submission of claims.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none
10. **Eligible Costs**
 - payroll and administrative costs involved in executing Insurance Scheme.
 - policies of 25% of winter wheat producers owning $\frac{1}{4}$ of acreage in Ontario.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF AGRICULTURE AND FOOD

Federal-Provincial Agricultural Manpower Agreement

1. **Program Description** — Federal assistance to aid provincial agricultural manpower recruitment and mobility, and to aid the improvement of research and living and working conditions.
2. **Total Cost** — \$88,355.
3. **Shareable Cost** — \$80,868.
4. **Federal Share** — 50%, \$40,434.
5. **Time Span** — August 7, 1970 to March 31, 1972.
6. **Current Status of Federal Reimbursements** — \$20,967 unpaid and \$19,467 reimbursed.
7. **Terms of Federal Payments** — claims and payments are made intermittently throughout the year. The forecast of costs for the next fiscal year must be submitted by October 15.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — the Canadian Agriculture Committee meets with the Federal Minister of Manpower and Immigration in a consultative capacity. Renewal is on an annual basis.
10. (a) **Eligible Costs** — 50% shareable; Canada pays 100% of administrative costs.
 - survey of manpower needs and conditions.
 - costs for camps for workers (e.g. equipment, housing, insurance premiums, salaries, administrative expenses).
 - recruiters' salaries, hiring costs, administration.
 - transport and living costs for workers, hospital and medical expenses for workers and dependents.

(b) **Ineligible Costs**

 - wages and liability costs for workers.
 - purchase of land for camps.
 - workers already covered will not be paid for hospital and medical costs.
11. **Disputed Claims and Other Financial Problems** — payments are made very slowly; over 50% of the federal share had not been paid three months after the end of the fiscal year.

MINISTRY OF AGRICULTURE AND FOOD

Agricultural and Rural Development Agreement 1970-75

1. **Program Description** — to provide for i) Farm consolidation, adjustment and enlargement, ii) Retraining and rehabilitation assistance, iii) Rural development field service and public information, iv) Development of natural resources for rural people in certain areas of the Province, v) Development of alternative income and employment opportunities for rural people in certain areas of the Province, and vi) Research for the development of new programs and examination of the impact of existing programs.
2. **Total Cost** — \$60 million over 5 years (1970-75). For 1971-72, \$13,653,901.
3. **Shareable Cost** — \$11,516,000.
4. **Federal Share** — usually 50% (\$30 million) over five years plus $\frac{1}{2}$ of total revenues of all ARDA programs. Annually, \$6 million plus revenues of program; 1971-72, \$5,758,498.
5. **Time Span** — April 1, 1970 to March 31, 1975.
6. **Current Status of Federal Reimbursements** — \$418,070 unpaid and \$5,340,428 reimbursed.
7. **Terms of Federal Payments** — Ontario required to submit estimates for annual programs before October 1st of each year.
8. **Contribution by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — consultation over proposals for each project within limits of ARDA agreement. No project can be approved after 31.3.75. There are no provisions for revision except by written agreement between the Provincial and Federal Ministers.
10. **Eligible Costs**
 - (i) **Research**
 - salaries and living expenses of Ontario employees employed on the project for over a month.
 - costs of federal employees included as part of Canada's financial contribution.

(ii) Land Use and Farm Adjustment

- Canada shares 50% of cost of land acquisition.
- purchase of non-agricultural lands for forestry, wildlife management or recreation.
- \$50 per acre for development of community pastures, leasehold ranches and woodlots and \$100 per acre for the acquisition of lands for above-mentioned purposes.
- Canada shares 50% of Provincial cost of water resources development in selected rural areas.
- 50%, or in some areas 66%, of cost of improvement of agricultural lands.
- Canada shares 50% of Provincial cost in agricultural drainage outlet ditches in Eastern Ontario and a small area in Grey and Wellington Counties. This terminates March 31, 1973.

(iii) Rehabilitation

- maximum shareable cost, 100%.
- assistance to elderly or incapacitated people \$2,500 (maximum) per underprivileged rural family.
- living costs and transportation costs for those enrolled in ARDA self-improvement courses.
- assistance to families moving to better employment areas.

(iv) Rural Development Field Services

- Canada shares 50% of Rural Development Field Staff including staff salaries and operating expenses.
- costs of training ARDA personnel and local leaders.
- costs of educating farm operators involved in consolidation program.
- costs of ARDA group activities.

(v) Alternative Employment and Income Opportunities

- 1970-72, federal allotment will be at most 15% of total ARDA budget.
- 1972-75, federal allotment negotiated annually.
- costs involving the processing of renewable natural resources and the production of selected primary and secondary products (50% of cost borne by private sector).
- \$35 per acre for stand improvement on public lands.
- financial and improvement costs of public recreation facilities.
- programs more than \$100,000 must be supported by a cost/benefit analysis.

(vi) Public Information Services

- cost of publishing materials relevant to ARDA and cost of one public information officer.

(vii) General

- profits are apportioned on basis of investment.

11. **Disputed Claims and Other Financial Problems** — land use policy of ARDA (which is in the Department of Regional Economic Expansion) is being challenged by a new agricultural development plan of the federal Department of Agriculture.

There is an unnecessary delay (up to 4 months) from the time provincially approved projects are submitted to Department of Regional Economic Expansion until the time they are authorized for cost sharing.

MINISTRY OF AGRICULTURE AND FOOD

Federal-Provincial Sheep Assistance Program

1. **Program Description** — to aid farmers wishing to establish sheep flocks of an economic size.
2. **Total Cost** — \$10,000 in three years; 1971-72, \$2,908.
3. **Shareable Cost** — \$2,908.
4. **Federal Share** — 50%, \$5,000 over three years; 1971-72, \$1,454.
5. **Time Span** — April 1, 1971 to March 31, 1974.
6. **Current Status of Federal Reimbursements** — fully recovered.
7. **Terms of Federal Payments** — claims and payments are made intermittently with no time limit on the submission of claims.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none
10. **Eligible Costs**
 - Ontario, Canada and purchaser will share equally for the cost of transporting adult ewes (minimum shipment 100). Ontario will reimburse purchaser for 2/3 of transportation costs for ewes, and will claim 50% from the federal government.
 - Ontario and Canada will share equally for the transport of lambs and ewes bought by 4-H Club members (minimum shipment 100). In this case Ontario will reimburse the purchaser 100% and will then claim 50% from the federal government.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF AGRICULTURE AND FOOD

Rabies Indemnification Program

1. **Program Description** — to indemnify farmers whose animals die of rabies.
2. **Total Cost** — \$95,711.
3. **Shareable Cost** — \$95,711.
4. **Federal Share** — 40% of amount paid to owners for animals that die of rabies, 1971-72, \$38,284.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — monthly billings are made by Ontario.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none
10. **Eligible Costs**
 - maximum amount of total indemnification:
Cattle - \$300, Horses - \$250, Sheep - \$100, Swine - \$100, Goats - \$100.
 - therefore, maximum amount of Federal indemnification at 40%:
Cattle - \$120, Horses - \$100, Sheep - \$40, Swine - \$40, Goats - \$40.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF COLLEGES AND UNIVERSITIES

Post-Secondary Education Adjustment Payment

1. **Program Description** — pursuant to the Fiscal Arrangements Act, Ottawa is to refund to a province half of its post-secondary education operating costs. Ottawa vacates 4.357 points of the Personal Income Tax and one point of the Corporations Income Tax for this purpose, and covers the balance of its financial commitment through cash adjustment payments.
2. **Total Cost** — \$670,618,000 (estimate).
3. **Shareable Cost** — \$670,618,000.
4. **Federal Share** — 50%, \$335,309,000.
5. **Time Span** — 31.3.74.
6. **Current Status of Federal Reimbursements** — \$151,000,000 + \$184,309,000 tax abatement.
7. **Terms of Federal Payments** — monthly payments with the end of the fiscal year as the time limit on claim submissions.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none; present agreement is two-year extension of 1967-72 agreement which will be fully reviewed and renegotiated by 31.3.74.
10. (a) **Eligible Costs**
 - operating costs.
 - 8% of certain capital costs.
- (b) **Ineligible Costs**
 - student financial aid.
 - most capital costs for land, buildings, physical plant facilities and equipment.
 - interest on loans contracted for capital expenditure purposes.
 - depreciation on buildings, physical plant facilities and equipment.
 - costs for ancillary enterprises of educational institutions.
 - amounts received from Canada Council or other agencies for research are to be deducted from operating costs.

11. Disputed Claims and Other Financial Problems

- 1968-69 final claims under dispute concerning eligibility of sundry items.
- Canada makes full payment of adjustment claims estimated each year, but adjustment payments are subject to change as a result of final audits of prior years' costs and yield of 4.357 + 1 tax abatement.
- claims for imputed salaries at denominational schools for all years from 1967-68 on are under dispute.

MINISTRY OF COLLEGES AND UNIVERSITIES

Adult Occupational Training Agreement

1. **Program Description** — the financing of provincial provision of teaching and training facilities, and teachers for federal retraining referrals.
2. **Total Cost** — \$45,000,000.
3. **Shareable Cost** — \$38,500,000 (includes training and administration costs).
4. **Federal Share** — by formula, (approximately 100%), \$38,500,000.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — the interim payment of \$35,505,000 has been made. The amount unpaid, for 1971-72, \$2,995,000 and for prior years, \$7,346,651, making a total outstanding claim of \$10,341,651.
7. **Terms of Federal Payments** — monthly payments with Ontario required to submit to Canada a claim for costs within one year following April 1st.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — Ontario is to provide Canada with curriculum outlines, courses of study, training schedules and other relevant materials. Parties are to consult together during the last three months of the fiscal year for discussions on new contents for each of the columns of Schedule A and for a new period of applicability. If Ontario wishes to make changes pertaining to courses, the Ministry of Manpower will be notified.
10. **Eligible Costs** — costs of training in occupational training courses.

Formula for sharing:

Total costs of adults arranged in a course by Canada Manpower
divided by

- the greater of (i) planned total of persons in a course
(ii) largest no. of persons on a given day

and the result multiplied by

- the greater of (i) largest no. of adults arranged by Manpower on any one day
(ii) planned total of adults arranged by Manpower.

11. **Disputed Claims and Other Financial Problems** — Ontario has lost modest amounts where the federal auditors have arbitrarily disallowed expenses relating to the program. However, this is more than offset by the situation where Manpower has purchased more places than it can fill and provincial students have occupied these places.

The federal share of the cost of a given course is determined in accordance with a complex formula involving enrolment data and an annual purchase Schedule negotiated by the regional Manpower office with the Applied Arts and Technology Branch. The procedure for negotiating the annual purchase Schedule is so involved that the 1970-71 Schedule has not yet been signed. Consequently, it has not been possible to submit claims for the 1970-71 fiscal year. Claims for the 1968-69 and 1969-70 fiscal years are still subject to negotiations with Manpower.

In order to conform with the Agreement, Colleges would have to maintain elaborate records in order to "cost" courses in the same way as an industrial concern costs its products. This is not practical in an academic environment. The federal auditors have repeatedly expressed dissatisfaction with the course costs that have been reported and this has been a further source of delay in settling claims.

MINISTRY OF COMMUNITY AND SOCIAL SERVICES

Unemployment Assistance

1. **Program Description** — federal matching of assistance payments by provinces and municipalities to persons unemployed and in need.
2. **Total Cost** — \$107,220.
3. **Shareable Cost** — \$107,220.
4. **Federal Share** — 50%, \$53,610.
5. **Time Span** — residual program, being phased out, incorporated under Canada Assistance Plan (Family Benefits).
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — monthly claims to be submitted within six months after the last day of the claimable month. Payments are made monthly.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — termination can be effected one year after notice is submitted by either party. Coverage extended now only to widows; remainder covered by CAP.
10. (a) **Eligible Costs**
 - payments to unemployed persons
 - travelling expenses of recipients and dependents to place of residence, to places of assured employment and to medical, hospital or nursing homes.
 - payments to inmates of public and private institutions who are unemployed and in need.

(b) **Ineligible Costs**

 - health services, funeral expenses.
 - travelling expenses of personnel.
 - costs of administration.
 - recipients of mother's allowances have their unemployment assistance claims reduced.
 - persons receiving Unemployment Insurance, Old Age Security, Blind Persons Assistance, Disabled Persons Assistance, cost of living bonus.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF COMMUNITY AND SOCIAL SERVICES

Rehabilitation Services Agreement

1. **Program Description** — to remove the disadvantages experienced by disabled persons, to restore them to usefulness by making available appropriate vocational rehabilitation services.
2. **Total Cost** — \$7,934,292.
3. **Shareable Cost** — \$7,389,240.
4. **Federal Share** — 50%, \$3,694,620.
5. **Time Span** — April 1, 1971 to March 31, 1972.
6. **Current Status of Federal Reimbursements** — \$164,000 remains unpaid and \$3,530,620 has been reimbursed.
7. **Terms of Federal Payments** — monthly payments following quarterly claims.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — federal government along with Ontario will develop courses of study, information sheets and other material. The National Advisory Council on the Rehabilitation of Disabled Persons will consider and advise on matters concerning the development of vocational rehabilitation services.
10. (a) **Eligible Costs**
 - salaries and travelling expenses of the Provincial Co-ordinator and staff plus other staff concerned with rehabilitation.
 - other administrative expenses.

Expenses for disabled persons

 - cost of tools, equipment or special clothing.
 - cost of transportation to place of employment.
 - cost of maintenance allowances while receiving assessment, training or restoration services, provided that individual is not recipient of other programs.
 - cost of travelling expenses for trainees.
 - cost of training persons as counsellors or administrators (includes transport, tuition, books, equipment, living expenses).

- cost of research projects and publicity for projects under Agreement.
- fees in cases of medical services.
- fees for services in carrying out individual programs of vocational rehabilitation.

(b) Ineligible Costs

- acquisition of lands and buildings.
- purchase or rental of office material.
- alterations, repairs or rentals for offices.
- compensation for injuries except first aid.
- legal costs and overhead expenses are added to cost of materials supplied by province from existing stores.

11. Disputed Claims and Other Financial Problems — none

MINISTRY OF COMMUNITY AND SOCIAL SERVICES

Language Textbook Agreement

1. **Program Description** — to provide textbooks used by adult immigrants in programs of language instruction.
2. **Total Cost** — \$86,871.
3. **Shareable Cost** — \$66,204.
4. **Federal Share** — 100%, but not above five-year moving average of provincial disbursements; 1971-72, \$66,204.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — annual payment. Claims must be submitted by March 31.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — renewal on March 31 with six months prior notice.
10. **Eligible Costs** — total costs of language textbooks for adult immigrants in language instruction.
11. **Disputed Claims and Other Financial Problems** — none; Ottawa is prompt in paying. If annual claim exceeds 5-year average, excess that year is not paid, but 5-year average next year is increased by 1/5 of excess claim.

MINISTRY OF COMMUNITY AND SOCIAL SERVICES

Indian Welfare Services

1. **Program Description** — to ensure that Indians receive the same standards of provincial services as other communities.
2. **Total Cost** — \$3,813,349.
3. **Shareable Cost** — \$3,813,349.
4. **Federal Share** — by formula, which works out to about 95%, \$3,608,438.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — all but the holdback of \$360,000 has been reimbursed.
7. **Terms of Federal Payments** — advanced monthly payments are made such that the total amounts to 90% of recoverable amount. Six months after end of fiscal year, federal government will pay, if necessary, the remainder of its portion. If the total of monthly payments in a fiscal year exceeds the amount payable by Canada, Ontario will return the difference. Claims are submitted monthly with a statement of costs for the fiscal year being made no later than April 15 of the following fiscal year.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — Federal-Provincial Co-ordinating Committee on Indian Affairs makes annual submissions to both parties respecting community development programs. The agreement can be terminated 12 months after a termination notice from either party.
10. (a) **Eligible Costs**
 - salaries of all personnel.
 - cost of rent, utilities, and maintenance of buildings used under the agreement.
 - cost of supplies, materials, shipping charges, stationery, licences.
 - cost of transportation.
 - cost of insurance on buildings, equipment and materials.
 - purchase of land and vehicles, and capital cost of buildings.

(b) **Breakdown of Federal Share**

- Ottawa will pay a proportion of the total financial assistance given to Indians under all provincial welfare programs. The federal payment is computed according to the following formula:
 - (i) 50% of financial assistance to non-reserve Indians derived on a per capita basis,
plus
 - (ii) 100% of amount derived by subtracting (i) from the per capita financial assistance for reserve Indians,
and the result divided by
 - (iii) the per capita financial assistance for reserve Indians. Ottawa pays its share in the proportion of this fraction.
- federal share of the service component is derived in the same way.
- Canada will pay the first 5 years of capital costs. This can be extended by mutual agreement.

11. Disputed Claims and Other Financial Problems — none

MINISTRY OF COMMUNITY AND SOCIAL SERVICES

Disabled Persons Allowance

1. **Program Description** — to establish a federal-provincial assistance program for disabled persons.
2. **Total Cost** — \$277,136.
3. **Shareable Cost** — \$277,136.
4. **Federal Share** — 50%, \$138,568.
5. **Current Status of Federal Reimbursements** — full recovery.
6. **Time Span** — residual program, being phased out, incorporated under CAP.
7. **Terms of Federal Payments** — Ontario submits monthly audit reports and receives monthly payments.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — revision concerning increase of payments.
10. **Eligible Costs**
 - for disabled unmarried persons, \$75 monthly.
 - \$900 maximum annually for
 - (i) unmarried recipients having income over \$360 yearly.
 - (ii) recipient married to spouse not receiving Old Age Assistance and having income over \$1,370.
 - (iii) recipient married to blind spouse not receiving funds from Blind Persons Act or Old Age Assistance and having income over \$1,680.
 - (iv) recipient married to spouse receiving Old Age Assistance and having income over \$470 (deduct half of O.A.A. funds).
 - (v) recipient married to spouse receiving funds from Blind Persons Assistance Act (deduct half of B.P.A. funds) and having income over \$780.
 - any amounts over \$10 a month from Old Age Security Act and Guaranteed Annual Income Supplement will not be counted as income.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF COMMUNITY AND SOCIAL SERVICES

Community Development Programs for Indians Agreement

1. **Program Description** — to improve the economic, social and cultural conditions of life for Indians through community development programs.
2. **Total Cost** — \$1,100,000.
3. **Shareable Cost** — \$209,117; further components of the total costs are covered in other welfare agreements.
4. **Federal Share** — by formula, \$136,211. See item #10.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — final claims cannot be submitted after April 15 following year of claim. Payment is made on interim and final claims.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — consultation through a Federal-Provincial Co-ordinating Committee on Indian Affairs. Notice of termination by either party is required one year in advance.
10. (a) **Eligible Costs**
 - salaries, wages, fees of persons in program.
 - cost of rent, utilities, office maintenance.
 - cost of supplies.
 - transportation.
 - capital cost of buildings and land purchases.
- (b) **Ineligible Costs**
 - those items covered by any other joint agreement pertaining to community development programs.

Formula for sharing:

- where population of Indians in a development area is less than 50% of total population, federal government assumes 50% of costs; also, where such Indians constitute a special problem in that they require a disproportionate number of projects in the program relative to their numbers the federal government again assumes 50% of total costs.
- where area contains both Indians and non-Indians and Indian population is greater than 50% of total population, sharing is based on ratio of Indian population to total population of area.
- where development area involves Indians only — 100% of cost.

11. Disputed Claims and Other Financial Problems — none

MINISTRY OF COMMUNITY AND SOCIAL SERVICES

Blind Persons Allowance

1. **Program Description** — to establish a federal-provincial assistance program for blind persons not in receipt of an income.
2. **Total Cost** — \$98,262.
3. **Shareable Cost** — \$98,262.
4. **Federal Share** — 75%, \$73,696.
5. **Time Span** — residual program, being phased out, incorporated under CAP.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — payments on a monthly pre-audit basis following monthly submissions.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — there is formal provision for revision concerning increase of payments.
10. **Eligible Costs**
 - maximum monthly allowance, \$75; yearly, \$900.
 - reduced in cases of
 - (i) unmarried persons having income in excess of \$600 yearly.
 - (ii) unmarried persons with dependent children with income over \$1,080.
 - (iii) recipient with sighted spouse not receiving Old Age or Disabled Persons Assistance with income over \$1,080.
 - (iv) recipient with blind spouse not receiving Blind Persons or Old Age Assistance with income over \$1,800.
 - (v) recipient with sighted spouse receiving either Old Age Assistance or Disabled Persons Assistance with income (deduct half of assistance monies) over \$780.
 - (vi) recipient with blind spouse receiving Blind Persons Assistance with income (deduct half of assistance monies) over \$900.
 - income from Old Age Security is now not to be counted as income to be deducted from the \$900 for the blind.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF COMMUNITY AND SOCIAL SERVICES

Canada Assistance Plan

1. **Program Description** — to provide for contribution by Canada towards the cost of provincial assistance and welfare services to persons in need.
2. **Total Cost** — \$371,420,226.
3. **Shareable Cost** — \$396,323,728. This includes some municipal costs which the province bills to the federal government on the municipalities' behalf.
4. **Federal Share** — 50% of provincial eligible costs, \$198,161,864 (includes \$8,344,000 for Homes for Special Care administered by the Ministry of Health).
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — \$197,579,864 has been recovered and \$582,000 is outstanding.
7. **Terms of Federal Payments** — submission and payment on a monthly and annual basis.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — Canada to forward statistical and other studies and offer consultative services. Both parties are entitled to give notice of termination, and one year after notification, agreement is terminated. Any section or schedule can be amended after mutual consent of parties.
10. (a) **Eligible Costs**
 - (i) **Salaries and Fringe Benefits:**
 - cost of payroll, honoraries, pension funds, living allowances;
 - cost of staff in isolated areas;
 - (ii) **Research and Consultation:**
 - payments for research and consultation.
 - (iii) **Travel Costs:**
 - travel costs in carrying out services and administrative functions, including attendance at conferences. If private autos are used, cost of depreciation plus insurance and repairs;
 - living expenses while travelling.

- (iv) Registration Fees:
 - payments for registration fees for conferences and seminars.
- (v) Training Costs:
 - payments for instructors and training, and costs of living for staff while receiving training.
- (vi) Costs of Assistance and Welfare Services:
 - food, shelter, clothing and other personal requirements for persons in need, cost of rent, mortgage;
 - special items necessary for employment, e.g. licenses, special clothing, tools which do not exceed \$500;
 - items for special needs must not exceed \$500 e.g. household necessities for handicapped persons;
 - cost of homes for special care plus depreciation e.g. old age homes, child care institutions, unmarried mothers institutions, nursing homes;
 - cost of funerals and burials;
 - cost of health care services: medical, surgical, obstetrical, optical, dental and nursing services, plus drugs, dressings, casework counselling, assessment and referral services;
 - rehabilitation services, administration, adoption, day care, community development, consulting, research and evaluation services;
 - costs for residents in hospitals including tuberculosis sanatoria.

(b) Ineligible Costs

- capital costs of plant and equipment operating costs (purchase of land, buildings, furniture, equipment plus depreciation);
- costs of accommodation (rent, taxes on property, insurance, repairs, fuel, interest on mortgages);
- costs of liability and fidelity insurance, advertising, books, periodicals, membership in agencies, association and bank charges;
- hospital insurance and medicare premiums are excluded.
- base line 1964-65 costs, i.e.:

Municipal administration cost	\$ 3 million
Social and Family Services	3 million
Children Aid Societies	6 million
Not Shareable	<u>\$12 million</u>

11. Disputed Claims and Other Financial Problems

The major problem with the Canada Assistance Plan is its administrative rigidity and this, in turn, causes a distortion of Ontario's programs and priorities. Briefly the situation may be illustrated by the following examples:

(i) With one exception, CAP officials have in the past refused to share costs for welfare-oriented programs which have satisfied the CAP eligibility criteria but which have not been administratively located according to federal stipulations. An exception was made in the case of payments to needy individuals in Homes for Special Care administered by the Ministry of Health. Even in this case, the Ministry of Health must send the costs for the individuals to the Ministry of Community and Social Services which in turn submits the claims to Ottawa for cost sharing under CAP. Furthermore, only direct costs associated with these Homes have been eligible for sharing. If, however, the Homes for Special Care were administratively located as required by federal regulations, the costs involved in administering the Homes would presumably be eligible for sharing as well.

(ii) Ontario has carried on extensive negotiations with Ottawa over a period of years in order to obtain cost sharing for other programs potentially eligible but which were not administratively located in the Ministry of Community and Social Services. The most obvious example of this has been the attempt to obtain sharing of the costs of the training school programs for juvenile offenders run by Correctional Services. The position of the federal government has been that, in order to secure sharing, these institutions must be operated by or under the jurisdiction of the welfare authorities. This means that despite the fact that Ontario's training school programs are of a very high standard, they are not eligible for cost sharing, because they are under the administration of the correctional authorities. Training schools in some provinces, on the other hand, do receive cost sharing if juveniles are committed by the courts to the care and supervision of the child welfare authorities. Because of this decision of the CAP officials, Ontario loses \$5,000,00 per year in reimbursements from Ottawa.

(iii) A further loss of reimbursements from Ottawa, due to the administrative rigidity of the federal cost-sharing arrangements, could result from the proposed changes for day nurseries. Day nurseries are currently administered by the Ministry of Community and Social Services and the costs of day care services which are provided to needy individuals are shared under CAP. In order to rationalize these services, Ontario has proposed moving day nurseries to the Ministry of Education in which case federal officials may refuse to continue sharing these costs.

(iv) Serious problems arise even when programs are specifically designed to comply with CAP eligibility criteria in order to secure cost sharing. Ontario's "extended care" program provides a case in point. Prior to the implementation of this program in April 1972, patients in the nursing home system who were "in need" qualified under the Province's Family Benefits Act for an allowance which could be shared under CAP. The Province then undertook to offer better and more efficient services by making nursing home care an insured benefit for "extended care" patients — i.e. patients requiring continuous medical supervision, drugs and therapy. This program embraces "extended care patients" in private nursing homes as well as those in charitable institutions and such public institutions as Homes for Special Care and Homes for the Aged, and means that these patients who previously paid on an ability-to-pay basis will now pay only \$3.50 per day for all nursing home costs. In setting up this program, Ontario went to great lengths to design a scheme that would provide for a continuation of CAP sharing of the costs of servicing these patients. Although there was no written agreement on sharing these costs, CAP officials gave assurances that the existing sharing would not be altered. But even though an administratively very complex scheme has now been created in order to meet federal CAP criteria, it appears that the Province may still lose a significant portion of reimbursements previously received from Ottawa.

MINISTRY OF EDUCATION

French Language Agreement

1. **Program Description** — federal financial help to provinces to ensure that all Canadians have the opportunity to educate their children in the official language of their choice.
2. **Total Cost** — \$163,704,000 (estimate).
3. **Shareable Cost** — \$163,704,000.
4. **Federal Share** — by formula, 8.68%; \$14,200,000 for 1971 calendar year.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — annual payments with no deadline for submission of claims.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — Ontario and Canada will have further discussions to work out details of implementing program and the use of services of Statistics Canada.
10. **Eligible Costs**
 - (i) minority language instruction
Canada will pay 9% of average instruction costs for full-time students in primary schools (those who receive 75% or more of their instruction in the minority tongue) and full-time students in secondary schools (those who receive 60% of their instruction in the minority tongue) plus 1.5% of the administrative cost per student (to be calculated on total number of students of official language minority whether such students are already studying in their mother tongue or not).
 - (ii) second language instruction
Canada will pay 5% of costs for each student for second official language instruction according to full-time student formula explained above, plus 1.5% of administrative cost.

Eligible Schools

- elementary and secondary schools, technical schools, technical secondary schools, credit courses for adults at primary and secondary levels, correspondence courses, specialized courses for the blind and the deaf, non-university post-secondary (CEGEP) community colleges and technical institutes.

11. **Disputed Claims and Other Financial Problems** — the Department of the Secretary of State has based its payments to Ontario on the latest available ministerial report and then has made adjustments approximately two years later. It is expected that adjustments would total \$1.7 million in 1970. Since 1972, payments have been based upon Ministry estimates, reducing the need for large adjustment payments. The formula used to calculate costs of second language education is still extremely complex, leading to delays in reimbursement, failure to take full advantage of the program and ad hoc agreements to facilitate its operation.

MINISTRY OF EDUCATION

Citizenship and Language Agreement

1. **Program Description** — federal grant towards provincial teaching costs of citizenship instruction.
2. **Total Cost** — \$821,712.
3. **Shareable Cost** — \$821,712.
4. **Federal Share** — 50% of those instructional salaries in citizenship instruction which the province pays; 1971-72, \$410,856 (province pays only an average of 53% of school board costs of instructional salaries). See #11.
5. **Time Span** — may be terminated with the closing of any fiscal year, upon either party giving prior notice in writing of not less than three months.
6. **Current Status of Federal Reimbursements** — \$209,637 has been reimbursed and the amount unpaid is \$201,219.
7. **Terms of Federal Payments** — Ontario will submit not later than March 31 of each year a statement of costs for preceding calendar year, and will receive annual payments.
8. **Contributions by Other Sources** — portion of agreement pertaining to textbooks handled by Ministry of Community and Social Services.
9. **Formal Provisions for Consultation and Revision** — agreement may be ended at end of fiscal year as stated above.
10. (a) **Eligible Costs** — instructional salaries and remuneration to teachers, instructors and principals involved in citizenship instruction for which the Province pays the school board.
(b) **Ineligible Costs** — supplies and administrative services, and those school board costs not financed by the Province.

11. **Disputed Claims and Other Financial Problems** — administrative cost of documenting claim for school board expenditures is very high in relation to the modest recovery for school board - \$297,846. Agreement refuses to treat province and municipality as one in providing instruction; will only cover 50% of *provincial* costs (and provincial grants to school boards vary, according to region, from 28% to 63%). Considerable delay has been experienced in submitting claims to Ottawa because of delays at school board level; e.g. calendar year 1970 claims, due March 31, 1971 at Ottawa, were not ready until March 31, 1972.

Furthermore, nearly 50% of the federal share has not been reimbursed and Ontario must carry the financial burden.

MINISTRY OF THE ENVIRONMENT

1) OWRC - Municipal Sewage Works Program

2) Provincial Sewage Works Projects

1. **Program Description** — pursuant to Part VIII National Housing Act, loans for provincial or municipal sewage treatment projects to assist in the elimination of water and soil pollution.
 2. **Total Cost** — \$35,987,879.
 3. **Shareable Cost** — \$21,601,180.
 4. **Federal Share** — 2/3 of eligible costs: \$14,400,786 loan with provision for 25% loan forgiveness.
 5. **Time Span** — not stated in agreement.
 6. **Current Status of Federal Reimbursements** — \$1,349,996 outstanding and \$13,050,810 reimbursed.
 7. **Terms of Federal Payments** — payments are made upon the submission of interim claims by the province or municipality.
 8. **Contributions by Other Sources** — municipal refunds account for \$140,562 and other refunds for \$1,195,327.
 9. **Formal Provisions for Consultation and Revision** — no formal arrangements.
 10. (a) **Eligible Costs**
 - trunk sewage collector system, central treatment plants.
 - (b) **Ineligible Costs**
 - collector sewage systems (often the largest cost items).
- Formula for Provincial Financing:*
- there are three forms of financing sewage projects:
 - (i) Some municipalities, such as Toronto, build and finance their own system and claim directly to the Central Mortgage and Housing Corporation (which administers the NHA) for its 2/3 share of eligible costs.

- (ii) Under the "OWRC-Municipal Sewage Works Program", the Ontario Water Resources Commission builds the project, the municipalities make claims to CMHC, and forward the rebate to OWRC, and OWRC picks up 1/3 of eligible as well as all ineligible costs.
- (iii) Under the "Provincial Sewage Works Projects", OWRC constructs and finances the whole cost, billing CMHC for its 2/3 share of eligible costs.

In the first case, the municipality owns the projects and makes loan payments to CMHC. In the second case, the province finds funds but transfers the project to the municipality which repays the Province over a thirty-year period. In the last case, the Province owns the project and the municipality buys treated water or waste treatment as needed on a per gallon basis.

11. Disputed Claims and Other Financial Problems — none

MINISTRY OF THE ENVIRONMENT

Canada - (US) - Ontario Agreement on the Lower Great Lakes

1. **Program Description** — “to ensure that the water quality of the Great Lakes is restored and protected . . . by international agreement.”
2. **Total Cost** — capital projects \$250 million, research \$6 million over 5 years from 31.12.71. During 1971-72, capital (OWRC-sewage) expenditures of \$21,601,180 and research expenditure of \$328,656.
3. **Shareable Cost** — \$256 million over 5 years.
4. **Federal Share** —
 - (a) research studies in phosphorous treatment; federal government pays 50%: \$3 million over 5 years. 1971-72, \$164,328 (Phosphorous project).
 - (b) guarantee of 2/3 share of provincial capital expenditures on sewage projects under part 8 NHA (up to limit of \$167 million, i.e., 2/3 of \$250 million) over 5 years (maximum \$50 million guaranteed 1971-72).
5. **Time Span** — \$164,328 research grant paid by 31.3.72, remainder of grant after that date to be paid over 5 years. \$10 million partially forgivable loan for sewage projects undertaken by 31.12.71 added to existing loans under part 8 (NHA). The remainder of funds for sewage projects will be spent over next 5 years.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — interim payments per part 8 NHA.
8. **Time Limit for Submission of Claims** — none
9. **Formal Provisions for Consultation and Revision** — no formal arrangements.
10. **Eligible Costs** — as defined in Section 52 NHA, i.e. not collector sewers.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF THE ENVIRONMENT

Canada/Ontario Agreement
Phosphorous Removal Facilities and Research Projects

Research Portion of Canada-(US)-Ontario Agreement on the Great Lakes

1. **Program Description** — the investigation of sewage treatment processes, the study of the Phosphorous Removal Program and municipal research.
2. **Total Cost** — \$6 million over 5 years, 1971-72, \$328,656
3. **Shareable Cost** — \$328,656
4. **Federal Share** — 50%, \$164,328
5. **Time Span** — until 31.12.75
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — Ontario bills Ottawa every three months.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — a joint technical committee decides which projects are to be approved.
10. **Eligible Costs**
 - research, salaries and supplies.
 - payment made to municipalities only on costs previously agreed upon.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF THE ENVIRONMENT

OWRC - IJC Lower Great Lakes Water Quality Survey

1. **Program Description** — federal payment for provision of provincial staff to International Joint Commission's Great Lakes water quality surveys.
2. **Total Cost** — \$556,240.
3. **Shareable Cost** — \$556,240.
4. **Federal Share** — 50%, \$278,120.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payment** — IJC audits quarterly claims and makes immediate repayment.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — it is expected that arrangements for the continuation of this program will be made prior to March 1973 on the basis of obligations that flow from the commitments made under the Canada-U.S. Agreement.
10. **Eligible Costs** — sampling costs, laboratory analytical services.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF GOVERNMENT SERVICES

Forest Research Studies

1. **Program Description** — to supply facilities at the Forest Insect Laboratory in the City of Sault Ste. Marie to the federal government for the purpose of conducting entomological research and associated investigations related to forest protection and management.
2. **Total Cost** — \$43,685 plus heating.
3. **Shareable Cost** — \$43,685.
4. **Federal Share** — \$43,685.
5. **Time Span** — April 1, 1972.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payment** — monthly payments based on monthly billings.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none
10. (a) **Eligible Costs**
 - rental of 21,000 sq. ft. at \$3,167.50 per month.
 - related items of building service and maintenance.

(b) **Ineligible Costs**

 - heating.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF GOVERNMENT SERVICES

**Supply of Steam to Federal Laboratory at
the Vineland Horticultural Research Institute of Ontario**

1. **Program Description** — to supply steam to the federal laboratory building at Vineland Research Station.
2. **Total Cost** — \$22,935.
3. **Shareable Cost** — \$22,935.
4. **Federal Share** — by formula, \$11,468.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — interim payments from monthly claims.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none
10. **Eligible Costs**
 - Canada agreed to pay Ontario 81¢ per 1,000 lbs. of steam based on a guaranteed minimum consumption of 10 million pounds of steam over an 8-month period, October 1 - May 31, subject to following adjustments:
 - (i) **Fuel Adjustment:**
25¢ per 1,000 lbs. of steam for each 1¢ per million BTU change in the mean annual price of fuel purchased by plant above or below 65¢ per million BTU's.
 - (ii) **Labour Adjustment:**
manual, supervisory and clerical labour.
 - (iii) **Tax Adjustment:**
based on all taxes and grants charged to Ontario's Central Heating system.
 - Canada will also pay \$765.82 for discharge of sanitary and diluted chemical wastes and storm water into the Ontario sewage drainage and treatment system and the Ontario storm drainage system.

- all of 55 employees in the Laboratory paid on annual basis.
- heating arrangements have been transferred to Ministry of Government Services who will be submitting claims in the future.
- Canada will pay for installation of the water supply lines and for the applicable water rates and charges.

11. Disputed Claims and Other Financial Problems — none

MINISTRY OF HEALTH

Health Resources Fund

1. **Program Description** — to provide assistance to the Province in meeting the capital costs of constructing, renovating, acquiring and equipping health training and research facilities.
2. **Total Cost** — \$47,998,600 plus approximately \$3,000,000 non-capital expenditures on research and demonstrations.
3. **Shareable Cost** — \$47,998,600.
4. **Federal Share** — up to 50% of eligible costs; federal annual ceiling imposed based on per capita formula; for 1971-72, \$11,878,186.
5. **Time Span** — until 1980 or exhaustion of provincial allocation, whichever is first.
6. **Current Status of Federal Reimbursements** — the federal government reimbursed Ontario \$17,361,352 which included shares of unclaimed portions allocated to the other provinces which were not taken up. Ontario still claims \$1,500,000 to be owing. See #11.
7. **Terms of Federal Payments**
 - (1) three payments of not less than 25% based on progress of construction or renovations and a final payment per project; or
 - (2) payments at intervals of not less than three months based on progress of construction or renovations.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — Ontario to submit annually a program for development of health training facilities including cash flow requirement for a five-year period.
10. (a) **Eligible Costs**
 - cost of acquiring, constructing or renovating buildings for health training facilities.
 - cost of basic equipment necessary for operation of health training facilities.
 - cost of planning or designing any health training facility.
- (b) **Ineligible Costs** — cost of land and interest charges.

11. **Disputed Claims and Other Financial Problems** — the Province has allocated for its planning purposes its \$125 million total federal allotment expected over the full duration of plan as a \$12.5 million annual reimbursement. Canada allocates its share to provinces on a different basis which produces reimbursements that are not uniform from one year to the next. Canada will occasionally give a province more depending on whether other provinces use fully their fund allotments for that year. Federal redistribution of unclaimed amounts takes place in November and March of each fiscal year. Ontario treats this as revenue for that fiscal year and for any federal short fall from \$12.5 million in that or previous years. Canada treats it as an advance on future year payments and reduces Ontario's allocation for the following year accordingly.

MINISTRY OF HEALTH

Hospital Insurance and Diagnostic Services Agreement (Calendar 1971)

1. **Program Description** — federal sharing in the provincial hospital insurance plan within prescribed national standards of coverage.
2. **Total Cost** — \$884,588,316.
3. **Shareable Cost** — \$852,088,316.
4. **Federal Share** — 25% of province's actual per capita eligible costs and 25% of national average per capita eligible costs; in essence about 48% of Ontario's actual costs: \$426,674,100.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — the provincial plan always has a balance unpaid for many months in respect of each calendar year, because of the time lag between monthly advances and final settlement. Final settlement depends on federal calculation of the national per capital cost which can take up to two years. For the 1971 calendar year, the calculated accounts receivable was: in December 1971, \$54,442,645, which was reduced to \$2,000,000 by March 1972.
7. **Terms of Federal Payment** — the federal government pays Ontario on a calendar year as this is the basis on which all hospitals in Canada have kept records for many years. Billings and payments are made monthly and accounts are finalized annually.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — the Ontario Hospital Services Commission consults with the Provincial Treasurer in implementation of agreement. The agreement can be terminated five years after federal notice of intention. Revision can take place in such areas as additions to or deletions from the list of approved hospitals, and increases in outpatient and other insured services in Schedules A and B, after mutual consent of parties.
10. (a) **Eligible Costs**
 - costs of approved inpatient and outpatient services.

(b) Ineligible Costs — 1971

- administration, \$6.4 million.
- private physiotherapy services, \$3.4 million.
- rehabilitation services, \$1.7 million.
- ambulance services, \$18.0 million.
- miscellaneous, \$3.0 million.

11. **Disputed Claims and Other Financial Problems** — at present federal officials hold very rigidly to the legal wording of the Act and Regulations and will permit no financial sharing of the costs of research on budgetary management or improved medical care such as home renal dialysis. Canada will not accept private homes as “approved hospital facilities” and will not share \$2 million incentive grants to hospitals to develop para-medical services.

There is a dispute over the “family-size indicator” used by Ottawa and Ontario to calculate average size of family in establishing overall provincial or federal insured population on which per capita payments are made. Ontario uses a factor 4.27 based upon its OHIP data. Ottawa uses a factor of 4.23 established from its Family Allowance data. Ontario rejects Ottawa’s factor because it only considers children up to 16 years. Ottawa rejects Ontario’s factor (which covers children up to 21 years) arguing that OHIP data has too large a bias to low-income families (and hence large family size) since it contends that OHIP data is derived from former OMSIP contracts and, therefore, is not truly representative of a national family profile. Loss of revenue to Ontario because of differences in size of indicators is approximately \$20m in 1971.

The Province has found itself hindered in transferring nursing education as part of internal administrative reforms from the jurisdiction of the Ministry of Health to the Ministry of Colleges and Universities. Such a transfer would be disadvantageous to provincial cost sharing. It would mean moving the sharing of nursing education costs from an ad hoc arrangement under Hospital Insurance to sharing under the post-secondary education part of the Fiscal Arrangements Act. Since fewer items are shareable under the latter arrangement the Province stands to lose up to \$10 million — a severe constraint on its own planning and priorities.

MINISTRY OF HEALTH

Medical Care Agreement

1. **Program Description** — federal financial assistance towards provincial cost of insured medical care services.
2. **Total Cost** — \$504,000,272.
3. **Shareable Cost** — \$481,544,943.
4. **Federal Share** — 50% of eligible national average per capita costs; 1971-72, \$206,815,000 including hold-back of \$14,774,300 due 1972-73.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — the amount unpaid is \$7,000,000 which is half the statutory 10% holdback.
7. **Terms of Federal Payments** — the list of estimated costs is submitted at the end of the calendar year. Quarterly returns are followed by actual cost of insured services six months after the end of the fiscal year. Payments are made monthly and are based on the advance forecasts from all participating provinces.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — a review is scheduled for 1973.
10. (a) **Eligible Costs**
 - cost of insured services (medical and specified dental procedures).
- (b) **Ineligible Costs**
 - cost of administration.
 - premiums paid by insured persons.
11. **Disputed Claims and Other Financial Problems**
 - agreement in covering 50% of national average costs covers only 43% of Ontario's eligible costs.
 - difficulties with interpretation of incurred costs and determination of average number of insured residents.
 - in addition, there are approximately \$21 million in salaries, incentive allowances and payments for insured services which are incurred by the province but are considered ineligible by the federal government.

MINISTRY OF HEALTH

National Health Grants

1. **Program Description** — to assist provinces in the extension and improvement of services in specific health fields.
2. **Total Cost** — \$4,507,989.
3. **Shareable Cost** — \$4,507,989.
4. **Federal Share** — 100% of submitted projects, within ceiling of \$6,936,348; 1971-72, \$4,507,989.
5. **Time Span** — Mental Health, Tuberculosis Control, General Public Health, Cancer Control, Medical Rehabilitation and Crippled Children, and Child and Maternal Health terminate March 31, 1972. Professional Training and Public Health Research are to continue.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — interim payment per program and final payment at end of project or at end of fiscal year, whichever is earlier.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — projects for various grants can be submitted by Ontario together with a budget. There are no provisions for revision. Some grants are to be replaced by direct federal spending.
10. **Eligible Costs**
 - on-going services under old grants must be picked up by provinces; a new short-term fund is provided by federal government for some projects.
 - order-in-council decides national amounts annually and method of dividing grant between provinces (generally a flat sum plus an amount based on population).
 - no restrictions upon eligible costs once projects approved, except Public Health Research.
 - eight programs 1971-72: Professional Training, Mental Health, T.B. Control, Public Health Research, General Public Health, Cancer Control, Medical Rehabilitation and Crippled Children, Child and Maternal Health. Only 97.3% of Public Health Research funds were expended by provinces in 1971-72; surplus cannot be redistributed. In Public Health Research, approval per project; other areas have basic fund established.

11. **Disputed Claims and Other Financial Problems** — unnecessary administrative detail is required to claim back monies for the Province's bursary program under the Professional Training Grant. The Department of National Health and Welfare has been requested to revise its terms of reference for this grant. No revisions have as yet taken place.

MINISTRY OF LABOUR

Adult Occupational Training Act

1. **Program Description** — Canada pays for the facilities and staff of the Province in order to provide related in-school training for federal referrals. This includes administrative costs related to in-school training as well as administrative costs for in-industry training programs.
2. **Total Cost** — \$7,700,000.
3. **Shareable Cost** — \$8,500,000, including \$800,000 which refers to depreciation in the claim which involves no cash outlay.
4. **Federal Share** — by formula, \$6,400,000 (“tuition”), \$1,300,00 (“administration”).
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — \$7,850,000 paid prior to submission of claims; \$650,000 unpaid.
7. **Terms of Federal Payment** — monthly for preceding calendar month. Within a year following the close of each fiscal year, Ontario will submit a claim for the costs involved.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — Ontario to provide Canada with curriculum outlines, courses of study, training schedules and other relevant materials. If Ontario wants to make changes pertaining to courses, it will notify Manpower. Parties will consult together during last three months of fiscal year to discuss new contents for the program schedule and a new period of applicability.
10. **Eligible Costs** — cost of training apprentices in work occupation.

Formula for sharing:

Total costs of all apprentices,

divided by

the greater of (i) planned number of persons per course

(ii) largest number of persons in attendance on any one day

and the result multiplied by the number of adult apprentices.

11. **Disputed Claims and Other Financial Problems** — the claim for 1971-72 cannot be submitted until the audited statements are received from the community colleges. The main delay in reimbursement is that Manpower is reluctant to pay until they have received a final report from their auditors. The Ministry of Labour believes that the federal policy of withholding funds is based on a per diem rate rather than on the estimated costs of apprenticeship training for the year. According to the concept of the program, Canada should be paying 99.9 per cent of costs but in reality by formula is only paying 85 per cent of tuition costs, i.e. claims upon federal government by the Ministry of Labour in 1968-70 constituted only 85 per cent of tuition costs.

— the Ministry of Labour is aware of a 1967 amendment to OTA legislation that based federal payments upon their *proportion* of trainees in a course (99.9% usually). Apparently, auditors have been using the above formula rather than this proportion, causing a loss to Ontario of \$500,000 per year.

— Ontario has only just received the necessary information to enable it to submit supplementary claims for teachers' superannuation and workmen's compensation for 1970-71.

MINISTRY OF LABOUR

Safety Inspection Services Agreement

1. **Program Description** — to buy the services of provincial safety officers to enforce the Canadian Labour (Safety) Code.
2. **Total Cost** — \$139,000.
3. **Shareable Cost** — \$139,000.
4. **Federal Share** — 100%, \$139,000.
5. **Time Span** — until 1.9.72.
6. **Current Status of Federal Reimbursements** — \$127,703 has been reimbursed and \$11,297 is as yet unpaid.
7. **Terms of Federal Payment** — \$50,000 federal prepayment to cover provincial costs until reimbursement is forwarded. Ontario provides at end of each month a statement of services and costs.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — consultation concerning nomination of inspectors and list of federal projects. Termination must be preceded by a six-month notice, preferably at the end of the month.
10. **Eligible Costs**
 - cost of administration, inspection, travel and subsistence.
 - \$40 per unit for inspection plus special costs, e.g. experts, witnesses.
 - cost of purchase or rental of capital equipment or supplies.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF LABOUR

Adult Occupational Training - Research

1. **Program Description** — assisting in costs of research into the effects of a changing economy upon trained workers.
2. **Total Cost** — no activity in this agreement during the 1971-72 fiscal year.
3. **Shareable Cost** — none
4. **Federal Share** — 50%
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — not applicable.
7. **Terms of Federal Payment** — interim and final payments of particular projects, 10% holdback until final audit. There is no fixed deadline for submissions.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — consultation concerning the acceptance of particular projects, with provision for terms to be amended at Ontario's request or if Ontario cannot complete a project.
10. **Eligible Costs** — not specified.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Forest Stand Improvements in Eastern Ontario

1. **Program Description** — to provide 10,000 man-days of work each year in the nine eastern counties of Ontario, by planting 3,000,000 trees, carrying out non-revenue producing stand improvement on 3,000 acres, preparing 1,500 acres of planting site and improving and maintaining 15 miles of road.
2. **Total Cost** — \$1,000,000 (1971-1975); 1971-72, \$251,000.
3. **Shareable Cost** — \$248,322.
4. **Federal Share** — 50%, \$124,161.
5. **Time Span** — until 31.3.75.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — claims forwarded to Ministry of Agriculture and Food for submission to Ottawa. When payments are received from the federal government by Agriculture and Food payments made to the Ministry of Natural Resources.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — formerly, this was a one-year agreement for a total grant of \$250,000 for the year 1971-72 subject to review. As of March 7, 1972, the program was expanded to \$1,000,000 and extended until March 31, 1975.
10. (a) **Eligible Costs**
 - equipment rentals.
 - maintenance of equipment.
 - labour.
 - travel expenditures.
 - ARDA approved equipment.
(b) **Ineligible Costs**
 - regular salaries.
 - Ontario sales tax.
 - equipment (trucks, bulldozers and tractors).
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Resources Development

1. **Program Description** — development and management of renewable resources especially in Indian or remote areas of province where residents substantially dependent upon these resources for their livelihood.
2. **Total Cost** — \$289,680.
3. **Shareable Cost** — \$260,000 at 50% plus \$26,500 at 100%.
4. **Federal Share** — by formula, \$156,500.
5. **Time Span** — full agreement, until 31.3.72, annual supplementals; after 31.3.72, to be annual renewals.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — interim payments on an annual basis. Ontario presents accounts for period April 1 to December 31 and estimates cost for the remainder of the fiscal year (January 1st to March 31st).
8. **Contributions by Other Sources** — camps will finance themselves from profits and will pay cost of constructing facilities.
9. **Formal Provisions for Consultation and Revision** — advisory committee will advise on subjects covered in agreement and will submit annually a program and budget. In case of further need for facilities in processing and marketing of resources, the Committee will examine proposals and make an estimate of costs. There have been annual supplementals to main agreement, which may be terminated on a year's notice by either party.
10. **Eligible Costs**
 - Ontario to spend \$200,000 per annum.
 - Canada to pay up to:
 - (i) \$50,000 p.a. to share administration and supervision costs.
 - (ii) 50% of other costs to ceiling of \$130,000 for (i) plus (ii), or 50% whichever is the lesser.
 - provision for supplementary agreements on sharing capital costs; in 1971-2 additional 100% sharing of \$26,500.

Outline of Shareable Items

- (i) Costs of administration and supervision
 - costs of management personnel and professionals involved in resources other than trapping.
- (ii) Other Costs
 - cost of field investigations, rehabilitation techniques, shore installations for primary production of fish.
 - if necessary, living expenses for seasonal staff, purchasing or rental costs of equipment for personnel.

11. Disputed Claims and Other Financial Problems — none

MINISTRY OF NATURAL RESOURCES

Loans to Commercial Fishermen

1. **Program Description** — loans to fishermen suffering hardship because of fishing prohibitions on bodies of water with high mercury levels.
2. **Total Cost** — \$320,344.
3. **Shareable Cost** — none, Provincial program only.
4. **Federal Share** — $\frac{1}{2}$ of loans minus $\frac{1}{2}$ cost of collection.
5. **Time Span** — 1971-72.
6. **Current Status of Federal Reimbursements** — not applicable.
7. **Terms of Federal Payments** — payments interim on a weekly basis. Ontario to provide weekly reports explaining details of each loan, total number of loans during week and total value of loans. Initially, Canada to pay half of loans. Afterwards, Ontario will provide monthly reports showing details and total of loan amounts repaid and will return federal share of loans minus $\frac{1}{2}$ of cost of collection to federal government.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — a committee of federal and provincial representatives has been created. It may establish guidelines for loan eligibility and appoint a sub-committee to process application for loans and review requests for more money.
10. (a) **Eligible Costs** — loans.

(b) **Ineligible Cost** — federal government will not share in loans to fishing camp operators.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Fisheries Industrial Development

1. **Program Description** — to promote technical upgrading of trawling and gear development in Ontario fishing waters.
2. **Total Cost** — \$52,976.
3. **Shareable Cost** — \$52,976.
4. **Federal Share** — 50%, \$26,488.
5. **Time Span** —
 - (i) for project No. 601-71: Experimental Trawling in Lake Erie — April 1 to August 31, 1971.
 - (ii) for project No. 602-71: Technical Upgrading and Gear Development in the Northern Inland Fisheries — April 1, 1971 to March 31, 1972.
 - (iii) for project No. 604-71: Experimental Trawling in Lake Ontario — proposed federal share \$10,000 out of \$20,000 and time span September 1 to November 31, 1972.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — interim payments from Ontario's monthly and final reports.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — Canada to provide technical advice.
10. **Eligible Costs**
 - for project No. 601-71: costs of contracting trawlers and providing direction and assessment.
 - for project No. 602-71: costs of hiring gear and fishermen.
 - for project No. 604-71: costs of contracting to fishermen.
11. **Disputed Claims and Other Financial Problems** — Project 604-71 could not be contracted to private interests so Ontario staff did the work. Initially, the federal government was unwilling to share these costs. Project 603-71, Technical Upgrading in Lake Ontario, proposing a federal share of \$5,000 out of \$10,000, has yet to be approved.

MINISTRY OF NATURAL RESOURCES

Agreement for Construction of Dams, Reservoirs, and Channel Improvements in the Upper Thames River Basin

1. **Program Description** — the joint financing of dams, reservoirs and channel improvements for the purpose of flood control and water conservation.
2. **Total Cost** — (1961-75), \$9,560,050; for 1971-72, \$8,168. In 1971-72 an adjustment for surplus lands purchased in previous years was made for a total of \$526,320.
3. **Shareable Costs** — \$8,168.
4. **Federal Share** — 37.5% or not more than \$3,165,200 over 15 years. For 1971-72, \$3,063.
5. **Time Span** — until 24.1.75.
6. **Current Status of Federal Reimbursements** — \$1,930 reimbursed and \$1,133 unpaid.
7. **Terms of Federal Payments** — interim payments per contract (37½%) and if necessary, balance at completion of specified works. Ontario to refund, if necessary, excess federal contribution. Canada can withhold 10% of costs of an item until works are satisfactorily done. At that time the balance will be paid. Ontario to submit list of costs at end of each month with a time limit of one year between incurrence and submission of costs.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — the two governments consult concerning federal inspection of land and works. There can be revision of the program of control and operation of dams and reservoirs. Present agreement is an extension of the 1961 agreement (revised 1966). In case projects are not completed in time, deadline for agreement can be extended.
10. (a) **Eligible Costs**
 - cost of purchase, inspection and testing of construction materials.
 - payments for salaries of government employees plus living expenses and day labour.
 - payment for indemnities to property and removal of public utilities.
 - payments for purchase of lands, buildings and flood control easements.

(b) Ineligible Costs

- provincial administration costs, fencing (except for safety measures), interest and taxes on land, installation or improvement of public utilities.

11. **Disputed Claims and Other Financial Problems** — there have been delays in the settlement of past claims particularly with respect to sharing. The cost of land has been more than originally planned but now that the differences have been resolved, the rest of the funds will be spent.

MINISTRY OF NATURAL RESOURCES

Agreement for Construction of Dams, Reservoirs, and Channel Improvements in Metro Toronto

1. **Program Description** — joint financing of dams, reservoirs and channel improvements for the purposes of flood control and water conservation.
2. **Total Cost** — (1961-75), \$24 million; for 1971-72, \$766,844.
3. **Shareable Cost** — \$766,844.
4. **Federal Share** — 37.5% or not more than \$9 million over 15 years; for 1971-72, \$285,390.
5. **Time Span** — until 13.6.75.
6. **Current Status of Federal Reimbursements** — for the 1971-72 fiscal year \$185,996 has been reimbursed and \$99,394 is unpaid.
7. **Terms of Federal Payments** — interim payments per contract (37.5%) and if necessary, balance at completion of specified works. Ontario will refund, if necessary, excess federal contribution. Ontario must submit by 15th of each month lists of costs with a time limit of one year.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — consultation when requested concerning federal inspection of land and works. There can be revision of the program of control and operation of dams and reservoirs in case projects are not completed in time. Time span for agreement can be extended. Present agreement is extension of 1961 agreement (revised 1966).
10. (a) **Eligible Costs**
 - costs of purchase, inspection and testing of construction materials.
 - payments for salaries of government employees plus living expenses and day labour.
 - payments for indemnities to property and removal of public utilities.
 - payments for purchase of lands, buildings and flood control easements.
- (b) **Ineligible Costs**
 - provincial administration costs, fencing (except for safety measures), interest and taxes on land, installation or improvement of public utilities.

11. **Disputed Claims and Other Financial Problems** — there has been a delay in the settlement of past claims particularly with respect to the amount of land eligible for sharing. The cost of the land has been more than originally planned but now that the differences have been resolved, the rest of the funds will be spent.

MINISTRY OF NATURAL RESOURCES

ARDA - Private Land Forestry Assistance

1. **Program Description** — to assist private rural land owners in establishing or expanding their woodlots and to increase the future forest capital reserve. Also to convert submarginal farm land to forests.
2. **Total Cost** — \$1,400,000 (1971-73); 1970-71, \$499,965.
3. **Shareable Cost** — \$499,965.
4. **Federal Share** — 50%, \$249,982.
5. **Time Span** — until 31.3.74 (no new projects after 31.3.73).
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — annual payment of interim and final claims which must be submitted by April 15th of each year.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none
10. (a) **Eligible Costs**
 - costs of assisting private rural land owners in establishing future forest capital reserve.
 - costs of converting submarginal agricultural land to forests.
 - projected sharing:

	Total
1970 - 71	\$ 400,000
1971 - 72	500,000*
1972 - 73	500,000
	<hr/>
	\$1,400,000

* expected to be reduced by \$119,661 because claims were above limit in 1970-71.

(b) Ineligible Costs

- revenues.

11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Lac Seul Storage Dam

1. **Program Description** — tripartite cost sharing of storage dam on Lac Seul in order to develop hydro potential of Winnipeg River system.
2. **Total Cost** — maintenance and operating costs shared by Ontario, Ontario Hydro, Manitoba, Canada; 1971 calendar year, \$10,000.
3. **Shareable Cost** — \$10,000 divided between Manitoba and Ontario as defined below.
4. **Federal Share**
 - (i) **capital costs** — 5% of interest on initial capital costs of Ontario (2/5 of total capital costs) reduced in proportion to development of electricity, hence:

— Ontario share of total cost	\$333,567
— less 79.37% (extent of electric development)	264,752
	\$ 68,815
— federal interest (5%) payable	\$ 3,440
 - (ii) **operating costs** — 3/5 of maintenance costs when full head developed; greater amounts until that date depending upon size of head development, hence:

— 1971	\$ 6,764
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5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
 - \$3,440 interest.
 - \$6,764 maintenance cost.
7. **Terms of Federal Payment** — Ontario Hydro bills Ontario for maintenance costs; Ontario pays and then bills Ottawa for its share; Canada pays these maintenance costs on an interim basis. Ontario bills Ottawa for interest on capital costs. Ottawa bills Ontario/Manitoba for operating costs, and Ontario makes payments twice a year.
8. **Contributions by Other Sources** — 68% of operating costs paid by Manitoba; 32% by Ontario. Hence 1971: \$3,237 = \$2,209 (Manitoba) + \$1,028 (Ontario).

9. **Formal Provisions for Consultation and Revision** — Lake of Woods Control Board meets 4-5 times a year. Five-year revision of rate of interest payable to Ontario.
10. **Eligible Costs** — operating, maintenance and capital.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Lake of the Woods Control Dams
(Damsite at White Dog Falls)

1. **Program Description** — a tripartite sharing agreement for the cost of operating water level control dams.
2. **Total Cost** — operating: calendar 1971, \$43,785.
3. **Shareable Cost** — \$43,785.
4. **Federal Share** — 1/3 of operating costs, \$14,595.
— 1/3 of initial capital costs, now paid.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — Canada bills Ontario for its share of operating costs; 1971, \$5,030, which has been paid.
7. **Terms of Federal Payment** — payment by Ontario yearly. Ottawa submits to Ontario and Manitoba its cost of inspection, controlling and planning of the water level of Lake of the Woods.
8. **Contributions by Other Sources** — Manitoba contributes 55% of total cost, i.e. 1971, \$24,161, based on use of "head" of water.
9. **Formal Provisions for Consultation and Revision** — under Lake of the Woods Control Board.
10. **Eligible Costs**
 - operating costs.
 - no maintenance involved.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Weather Observation Services

1. **Program Description** — Ontario will supply Canada with snow sampling observations monthly for purpose of watershed calculations.
2. **Total Cost** — submitted annually depending on manning of weather station; 1971-72, \$1,740.
3. **Shareable Cost** — \$1,740.
4. **Federal Share** — 100% to maximum of \$1,740 annually; \$1,740 for fiscal year 1971-72.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — payments by monthly installments at end of each month with no limit on claim submissions.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none
10. **Eligible Costs** — costs of taking meteorological information and snowlogging information and cost of delivering information to federal government.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Prevention and Control of Fires on Indian Reserves

1. **Program Description** — to assist the Province in fighting fires on Indian lands and providing the same prevention and detection as provided for Ontario's adjacent public land.
2. **Total Cost** — \$15,594.
3. **Shareable Costs** — \$15,594.
4. **Federal Share** — by formula, \$32,324.
5. **Time Span** — not specified in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — annual payments on or before May 1 of each year.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — at the beginning of each year, if the area of Indian reserves changes, Canada will inform Ontario so that the change will be accounted for. Every five years, agreement is subject to review. Termination notice can be issued on or before March 31 of each year by Ontario or Canada.
10. **Eligible Costs** — Canada will pay 4¢ per acre for cost of extinguishing grass, brush or forest fires and cost of providing prevention services.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Geodetic Field Survey Agreement

1. **Program Description** — to conduct field survey operations to effect the improvement and densification of geodetic controls.
2. **Total Cost** — not to exceed \$125,000; 1971-72, \$65,000.
3. **Shareable Cost** — \$60,924.
4. **Federal Share** — \$60,924.
5. **Time Span** — until 31.3.72.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — Canada submits claims for agreed items to the Province with no specified time period.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — none
10. (a) **Eligible Costs**
 - Canada pays federal salaries, capital costs, field operating costs.
- (b) **Ineligible Costs**
 - Ontario expected to pay the salaries of its officials, field expenses, minor operating costs.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Freshwater Fish Marketing

1. **Program Description** — Marketing Corporation established to rationalize the buying and selling of freshwater fish. Ontario, Canada and Manitoba have contingency liabilities.
2. **Total Cost** — Province has only a contingency liability to Freshwater Fish Marketing Corporation and a fund to pay redundant companies.
3. **Shareable Cost** — none
4. **Federal Share** — federal government loans to Federal Freshwater Fish Marketing Corporation as of 31.3.72 were \$10,000,000. Ontario's maximum liability at 5% is \$501,780.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — interim loans to corporation by federal government.
8. **Contributions by Other Sources** — loans to corporation by private banks.
9. **Formal Provisions for Consultation and Revision** — Province will consult with Canada and other provinces on fisheries administration. In addition, consultation with Canada and other provinces for making orders for any regulation under Section 22 of Freshwater Fish Marketing Act. In case of important changes in geographic area on intakes related to Corporation's marketing activities, revision of shared costs is provided for.
10. **Eligible Costs**
 - Ontario paid 5% of \$100,000 = \$5,000 (1969-70) for initial administrative costs of Corporation. Ontario will pay to federal government 5% or maximum of \$241,292.05 if Corporation defaults on loan emanating from Canada or a bank.
 - Ontario has \$150,000 available to compensate private companies for plant or equipment made redundant because of activities of Corporation. Unofficially, Canada will absorb up to 50% of redundancy payments. Assessment of companies' values now completed by Ministry of Government Services and payments to begin shortly.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

ARDA - Canada Land Inventory

1. **Program Description** — continuation of the Land Use Capability Program employing provincial cartography personnel.
2. **Total Cost** — \$126,515.
3. **Shareable Cost** — \$121,600.
4. **Federal Share** — 100%, \$121,600.
5. **Time Span** — until 31.3.74. Program cancelled by Ottawa, 31.3.72.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payment** — interim payments and claims; final claims must be submitted by April 15 of each year.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — annual revision.
10. **Eligible Costs** — costs of salaries and travel.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF NATURAL RESOURCES

Rural Employment on Crown Land Forests

1. **Program Description** — to provide employment during winter months for fifteen rural families that should not be moved to urban centres.
2. **Total Cost** — \$79,410.
3. **Shareable Cost** — \$9,000.
4. **Federal Share** — 50% of ceiling of \$9,000 a year until 1973, final year to be negotiated.
5. **Time Span** — until 31.3.74.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — interim and final claims must be submitted by April 15th of each year to receive annual payment.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — selection of men to be employed is made in consultation with County ARDA Board and Rural Development Board.
10. **Eligible Costs** — costs of providing employment for 30 people for a three-year period with 80 working days per year for each person. Maximum shareable cost per acre - \$35.

Eligible Items: wages, equipment rental, travel, tree marking to a total of \$254,000; minus revenue \$200,000 = \$54,000 which is divided equally into 3 annual portions = \$18,000; federal share of \$9,000/year. If revenue does not reduce costs to \$18,000/year, Ontario to cover shortfall after federal sharing. Ontario's share is supplied by Ministry of Agriculture and Food.
11. **Disputed Claims and Other Financial Problems** — none

MINISTRY OF THE SOLICITOR GENERAL

Civil Defence/Emergency Measures Financial Assistance Program

1. **Program Description** — assistance toward the costs incurred by provinces and municipalities for the development and maintenance of Civil Defence/Emergency Measures planning programs and activities.
2. **Total Cost** — \$1.4 million (\$1.3 million provincial and \$0.1 million municipal).
3. **Shareable Cost** — \$1.0 million.
4. **Federal Share**
 - 1) 75% of the total costs of federally approved provincial and municipal projects. Maximum federal participation allowed for 1971-72, \$1.0 million.
 - (i) Provincial Management and Control;
 - (ii) Other program activities excluding “operational equipment” having a peacetime use.
 - 2) not more than 50% of the total costs of “operational equipment” having a peacetime use.
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — interim payments per project claims subject to post audit with final annual submissions.
8. **Contributions by Other Sources** — \$100,000 by municipalities 1971-72.
9. **Formal Provisions for Consultation and Revision** — Ontario recommends projects and furnishes reports governing the progress of projects. Revision of terms and conditions is applied annually.
10. **Eligible Costs** — pre-emergency personnel, administration, training and equipment costs.
11. **Disputed Claims and Other Financial Problems** — Disputes are resolved in discussions between the Ontario Emergency Measures Branch and the Canada Emergency Measures Organization. Federal funds are made available on a short-term annual basis. This method impedes the development of long-range financial plans. Funds should be made on a term basis of at least five years with annual updating.

MINISTRY OF THE SOLICITOR GENERAL

Ontario Police Commission

1. **Program Description** — integrated police information services program to begin 1972-73.
2. **Total Cost** — \$168,400.
3. **Shareable Cost** — \$168,400.
4. **Federal Share** — 50%, \$84,200.
5. **Time Span** — until March 31, 1976; renewable thereafter on same 50% cost-sharing basis.
6. **Current Status of Federal Reimbursements** — not applicable.
7. **Terms of Federal Payment** — monthly billing by federal government to Ontario for provincial 50% share of costs incurred by eligible projects. Billings to commence in 1972-73 fiscal year.
8. **Time Limit for Submission of Claims** — not applicable.
9. **Formal Provisions for Consultation and Revision** — Ontario Police Commission has responsibility for program application and control within Ontario. The Commission decides on its network and communicates these to Ottawa for inclusion within the overall system plan. The program is renewable, on the same cost sharing basis, in 5-year increments.
10. **Eligible Costs** — all communication lines beyond federal switcher locations, terminals, modems, terminal stands and multiplexing equipment within Ontario.
11. **Disputed Claims and Other Financial Problems** — not applicable.

MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

St. Lawrence Seaway Authority

1. **Program Description** — relocation of highway crossings over Welland Canal.
2. **Total Cost** — \$108 million over long term; 1971-72, \$4,715,600 (East Main Tunnel).
3. **Shareable Cost** — \$2,357,800.
4. **Federal Share** — ½ of total cost of construction for five roads across Welland Canal and 5/6 of total cost of construction of Queen Elizabeth Way; \$65,950,000 capital and operating costs by formula; 1971-72, \$1,852,944.
5. **Time Span** — not stated in agreement; long-term project, 20 years.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — interim billings and payments.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — consultation on matters relating to designs, plans, specifications and construction schedules.
10. **Eligible Costs**
 - (i) Cost of land bought for crossings (included as overhead):
 - cost of land previously acquired for other purposes.
 - cost of surveying, drafting, and fees for professional services.
 - costs of contracts, payroll for personnel on construction, designing and engineering.
 - costs of road analysis and testing.
 - costs of removing public utilities.
 - (ii) federal contribution for operation and maintenance of crossings:
Formula:

Estimated operating costs and maintenance costs for a 40-year period	X	Percentage of construction costs payable by Authority
Estimated construction costs of a crossing		

- (iii) formula for Authority's contribution for the cost of removing a level crossing and building Garden City Skyway:

$$\frac{50 - \text{no. of years (beginning 15.1.63)}}{50}$$

(iv)	Estimated Operating Cost for 40 years (.)	Cost of Construction \$ millions)	Federal Operating Contribution
Lakeshore Road	1.40	6.00	.12
Welland Avenue	2.42	13.00	.09
Queen Elizabeth Way	6.00	34.40	.73
Allanburg	2.92	16.00	.09
East Main St.	2.90	13.00	1.45
Port Colbourne	3.88	26.00	.07

11. Disputed Claims and Other Financial Problems — none

MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

Railway Grade Crossing Fund

1. **Program Description** — to remove level crossings with high hazard index and replace them with grade separations.
2. **Total Cost** — records kept primarily on project basis. Some projects take up to three years to complete. Annual breakdowns not readily available.
3. **Shareable Cost** — \$4,715,600.
4. **Federal Share** — 80% of new grade separation to eliminate old crossing, up to ceiling of \$500,000; 50% of reconstructing old separation to ceiling of \$250,000; 1971-72, \$2,357,800 (includes final and interim billings).
5. **Time Span** — not stated in agreement.
6. **Current Status of Federal Reimbursements** — \$105,000 is unpaid and \$2,252,800 has been reimbursed.
7. **Terms of Federal Payments** — since September 1970, only final payments are made.
8. **Contributions by Other Sources** — Crown Corporations, private companies; public utilities pay 20% (occasionally 50%) to relocate their facilities. Railway pays 5%; road authority (i.e. province) pays 15% for costs of construction.
9. **Formal Provisions for Consultation and Revisions** — consultation occurs before the Railway Transport Committee of the Canadian Parliament.
10. (a) **Eligible Costs**
 - crossing eligible for funding selected on basis of hazard to safety.
 - costs of constructing overhead bridges or subways for highways at railway junction.
 - costs of removal of public utilities.
- (b) **Ineligible Costs**
 - property costs within province's 120-foot right of way (sharing of any purchase required beyond that allowance).
 - costs of maintenance.
 - separations that do not also eliminate level crossings.

11. **Disputed Claims and Other Financial Problems** — RTC not willing to pay interim claims from province which had been earlier practice; loss by September 1971 of \$120,000 in interest to Ontario on four outstanding projects. Usually 1½ year period between provincial payments of its first bill (and hence a provincial interim claim to Ottawa) and completion of final billing and final claims.

— RTC now rejecting submissions for projects because of overall limitation of RTC funds. Ontario disagrees with RTC over the assignment of priorities to its applications. Despite a ceiling of \$0.5 million per separation, Quebec secured federal assistance for two projects in which the RTC paid \$1.5 million each. Ontario argued that their “hazard index” was no higher than at comparable Ontario crossings.

MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

Queensway Road Agreement

1. **Program Description** — the joint finance of that portion of the Trans-Canada Highway in Ottawa known as the Queensway.
2. **Total Cost** — miscellaneous claims; they have no uniform proportionate relation to a total cost figure; 1971-72, \$137,088.
3. **Shareable Cost** — \$68,544.
4. **Federal Share** — 50%, \$34,272.
5. **Time Span** — March 19, 1957 to December 31, 1971.
6. **Current Status of Federal Reimbursement** — an unpaid bill for \$67,500 was presented February 1972. \$34,272 has been reimbursed.
7. **Terms of Federal Payments** — not specified; however, final claims were to be submitted December 31, 1971.
8. **Contributions by Other Sources** — City of Ottawa pays half of that portion, which Canada is not required to pay. In most cases, on average, City has been paying 23%, federal 26%.
9. **Formal Provisions for Consultation and Revision** — none
10. **Eligible Costs**
 - Federal District Commission pays City expenses for surveys, appraisals and legal services, and the removal of buildings on land which had already been bought up by City for other purposes. F.D.C. buys up land which is of no use to City, is not right-of-way and was bought previous to agreement for other purposes. Initially, Ottawa will buy this land from the F.D.C.
11. **Disputed Claims and Other Financial Problems** — disputed claims are to be decided upon by Exchequer Court. The residual claims on the Queensway were held until the Trans-Canada Highway claims were settled. On March 31, 1972, \$2,777,038 was paid by the federal government to Ontario.

MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS

Contributions for Urban Renewal
Section 24 National Housing Act

1. **Program Description** — provincial assistance through legislation to enable municipalities to seek funds under CMHC for urban renewal scheme for the renewal of “blighted or substandard area of a municipality”. Not a program of direct federal payments to province.
2. **Total Cost** — initial provincial approval given to a program of \$176 million, cut back to \$139,364,392 due to federal freeze; 1971-72, \$13,041,780 plus interim financing charges.
3. **Shareable Cost** — \$13,041,780.
4. **Federal Share** — 50%, or to national ceiling of \$25 million/year; 1971-72, municipalities in Ontario to get \$8,694,520.
5. **Time Span** — Federal government will terminate 31.3.74 (individual on-going projects may be financed beyond this date).
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — municipalities submit separate claims to federal and provincial governments for their share; once approved by co-ordinating committee, CMHC pays immediately to municipality while Department of Municipal Affairs required Treasury and Economics payment, taking up to 6 weeks. Federal loans made directly to municipality which arranges loan retirement and payments (sec. 25 NHA). Municipalities can only claim monthly and not less frequently than quarterly items approved in advance by DMA and CMHC.
8. **Contributions by Other Sources** — provinces, 25%; municipality 25%.
9. **Formal Provisions for Consultation and Revision** — since 1968 freeze, bi-annual CMHC-Ontario meetings cancelled; no regular provision.
10. (a) **Eligible Costs**
 - urban renewal schemes (now unusual because agreement to terminate).
 - urban renewal schemes implementation; acquisition of land, clearing and services but not new buildings.
 - no duplication with OHC under Sec. 40 (NHA).
 - federal or provincial government usually willing to share same items.
- (b) **Ineligible Costs** — interim financing charges.

11. Disputed Claims and Other Financial Problems

- municipalities re-applying for higher costs due to inflation cause minor problems.
- federal freeze (1968) and then ceiling (\$25 million/year) prevents “50% sharing of *actual costs*”, e.g. Kitchener renewal project (for \$12 million gross) was approved by Ontario for submission to Ottawa under NHA, giving federal government a \$6 million commitment. Because of freeze, Ottawa approved a share of only \$1 million. The Province has adopted a policy to match 50% of federal share and so altered its original offer. Hence, Ontario’s share for Kitchener reduced from \$4 million to \$0.5 million. Kitchener now has a \$2 million project in place of \$12 million proposal.
- CMHC loans available to municipalities under Sec. 25 (NHA) to handle 2/3 of their share under Sec. 24 for urban renewal negotiated directly between municipality and Ottawa; they are subject to approval of Sec. 24 by Province and approval by OMB for Sec. 25 loans. Contributions under Sec. 24 generally negotiated between Ottawa and Ontario on behalf of municipalities.

ONTARIO HOUSING CORPORATION

Loans for Land Acquisition and Development
Section 40 National Housing Act

1. **Program Description** — the joint federal/provincial acquisition or development of land for housing purposes.
2. **Total Cost** — \$7,527,846.
3. **Shareable Cost** — \$7,527,846.
4. **Federal Share** — 75% of total, \$5,645,885; annual ceiling imposed.
5. **Time Span** — not stated.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — payment quarterly in the month following provincial claims.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — informal consultation with provisions for revised estimates.
10. (a) **Eligible Costs** (determined by individual agreement)
 - acquisition of land.
 - development of land, servicing.
 - consultants' fees.

(b) **Ineligible Costs**

 - staff salaries and administrative expenses.
11. **Disputed Claims and Other Financial Problems** — federal government approval is required for many aspects of land development including purchase prices and sales prices. All matters are subject to management negotiation. The amount allocated to Section 40 each year is usually exhausted since large developments like Hamilton Mountain and Malvern are on federal/provincial land and have had to be financed under this Section.

ONTARIO HOUSING CORPORATION

Loans for Land Assembly Section 42 National Housing Act

1. **Program Description** — loan to assist the Province to acquire and service land for land development projects.
2. **Total Cost** — \$1,928,831.
3. **Shareable Cost** — \$1,928,831.
4. **Federal Share** — 90%, \$1,735,948.
5. **Time Span** — 15 years per loan.
6. **Current Status of Federal Reimbursements** — full recovery.
7. **Terms of Federal Payments** — loans on request; Province repays loan principal and interest in equal annual installments.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — informal consultation and revision with submission of revised estimates.
10. (a) **Eligible Costs** (determined by individual agreement)
 - land purchase and development costs.
- (b) **Ineligible Costs**
 - staff salaries and administrative expenses.
11. **Disputed Claims and Other Financial Problems**
 - federal allocation is not fully used because:
 - (i) much development involves federal/provincial land which has been financed under Section 40.
 - (ii) serviced lot purchases are not eligible if servicing has commenced at the time of the loan application.
 - (iii) the section is not geared to long-term land banking because the loan repayment period commences within two years of the completion of the project.
 - Section 42 is more attractive to the Province than Section 40 because under it 90% of the capital costs are borne by the federal government (as opposed to 75% under Section 40), and because controls are less restrictive.
 - Section 40 is attractive to the federal government because more control can be exercised and any profits shared.

ONTARIO HOUSING CORPORATION

Loans for Public Housing — Section 43 National Housing Act
Loans for Student Housing — Section 46 National Housing Act

1. **Program Description** — loans to Ontario Housing Corporation by CMHC for construction or acquisition of public housing projects.
2. **Total Cost** — \$197,076,000 based upon under-construction, proposed and anticipated projects for 1971-72.
3. **Shareable Cost** — 50%, \$32,791,236.
4. **Federal Share** — 50%, \$16,395,618. 18,400.
5. **Time Span** — loans to be repaid within 50 years from date of project completion.
6. **Current Status of Federal Reimbursements** — not easily calculated, assumed about 8%, \$10 million not yet paid 1971-72.
7. **Terms of Federal Payments**
 - loan based upon estimated costs advanced to Ontario on interim basis as province pays construction costs.
 - province to repay loan in equal amounts of interest and capital annually.
8. **Contributions by Other Sources** — none
9. **Formal Provisions for Consultation and Revision** — consultation with branches of Central Mortgage and Housing Corporation.
10. (a) **Eligible Costs**
 - generally unrestricted.

(b) **Ineligible Costs**

 - provision of social and welfare services to occupants of public housing; some social welfare services are now eligible.
11. **Disputed Claims and Other Financial Problems** — allocation of CMHC funds between provinces arbitrary; Quebec reportedly given total loan allowance to be divided between specific projects by provincial authority.

ONTARIO HOUSING CORPORATION

Subsidy of Operating Costs of Public Housing Section 44 National Housing Act (Calendar 1971)

1. **Program Description** — a federal “contribution” for purpose of assisting province to provide “low-income” housing at rental rates less than those required to amortize and operate housing project.
2. **Total Cost** — rent subsidies, \$32,791,236. Period ended December 31, 1971.
3. **Shareable Cost** — \$32,791,236.
4. **Federal Share** — 50%, \$16,395,618.
5. **Time Span** — 50 years from date of completion of project.
6. **Current Status of Federal Reimbursements** — \$10,633,064 (1970 and received in 1971); \$14,926,249 (1971 and received in 1972). The amount unpaid is \$2,147,225 of which \$677,225 is from previous years.
7. **Terms of Federal Payments** — at end of each calendar year, operating cost statement, approved by Provincial Auditor, submitted to Ottawa; no interim claims or payments.
8. **Contributions by Other Sources** — municipality, 7½%; province, 42½%.
9. **Formal Provisions for Consultation and Revision** — consultation through CMHC Head Office.
10. (a) **Eligible Costs** — the difference between low-income rent charged and rent required to meet amortization or direct operating costs will be subsidized by CMHC on 50/50 basis to permit province to provide low-income rental rates - “low-income” defined by CMHC published scale.

(b) **Ineligible Costs** — provision of social and welfare services to low-income occupants.
11. **Disputed Claims and Other Financial Problems** — disputes in federal/provincial auditing result in delayed federal payments.

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